



**LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE**

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2023

LONDON COUNCILS - TRANSPORT AND ENVIRONMENT COMMITTEE

Contents

	Page
Narrative Report to the Statement of Accounts	1-17
Statement of Responsibilities for the Statement of Accounts	18
Approval Certificate	19
Annual Governance Statement	20-27
Independent Auditor's Report	28-32
Comprehensive Income and Expenditure Statement	33
Movement in Reserves Statement	34
Balance Sheet	35
Cash Flow Statement	36
Notes to the Accounts	37-65
Glossary	66-71

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 Transport for London (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 aims to help improve the lives of millions of Londoners every day, through the London-wide services we run, such as the Freedom Pass, Taxicard and London Lorry Control schemes and through the highly valued support to London boroughs on a range of traffic, parking, transport, and environment policy matters.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The achievements of 2022/23 have been considered in the context of London Councils' shared ambitions, which have been agreed by London Councils' leaders.

London's Future

London Councils, on behalf of TEC, set out to:

- Support the TEC funding sub-group to unblock transport infrastructure funding.
- Secure a new multi-year funding deal for boroughs using a LIP funding model, giving boroughs greater scope to deliver locally defined transport priorities for their communities and businesses.
- Build on the successes of London Councils' electric vehicle co-ordination function to ensure more Londoners have access to charging infrastructure.
- Ensure TfL's work on the next Road User Charging Scheme is undertaken with sufficient borough input.
- Give boroughs appropriate access to and input into bus planning for London.

In 2022/23 on behalf of TEC, London Councils has achieved the following:

TEC Funding Sub-Group / LIP

- The TEC Funding Sub-group has met three times in the period and successfully negotiated the 2023/24 settlement, achieving an increase in funding for cycle training, avoided additional, significant change from the previous year and received commitment from TfL and the Deputy Mayor for Transport to work closely together on any future LIP, including guidance and other documents.
- The Funding Sub-group also ensured that maintenance funding is firmly on, DfT, TfL and GLA agendas, as well as highlighting the London Infrastructure Framework, which includes significant transport projects and which we aim to have included in the TfL business plan.

EV Infrastructure Delivery

- Successful delivery and closure of the Go Ultra Low City Scheme (GULCS), delivering 4,300 charge points, double the number we originally committed to in the bid.
- Supported boroughs in delivering additional 5,000 charge points through the On-Street Residential Chargepoint Scheme (ORCS) through co-ordination of a London-wide tranche of applications.
- Worked with TfL to provide a 'London Filter' to the Crown Commercial Services Vehicle Charging Infrastructure Solutions procurement model, replacing the GULCS procurement framework, which expired in July 2022.
- Negotiated London's revenue and capital resource for further EV infrastructure through Government's Local Electric Vehicle Infrastructure Fund (LEVI), resulting in Government allocating £38.6m to London until 2024/25.

Bus Planning

- Submitted detailed response to TfL's Central London Bus Review consultation in August 2022, highlighting the significant issues that would be experienced by users if some of the changes proposed were to go ahead as planned.
- Set up an officer group for discussing bus strategy, changes, and engagement with TfL.

TfL's work on the next Road User Charging Scheme is still at an embryonic stage, which has meant that London Councils has not undertaken any active engagement on this. However, LEDNet will create an officer sub-group to progress this in 2023, with support from London Councils officers.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Climate Adaption and Net Zero**

London Councils set out to:

- Deliver the seven London Councils' Climate Programmes.
- Support the programme through the appointment of a new Programme Director who will ensure activity is communicated across the partners and stakeholders and will advocate for the programmes.
- Work with the UK Cities Climate Investment Commission (UK CCIC) and the GLA on climate finance, making the case for net zero investment in our localities, attracting private finance and moving to deliver demonstrator projects in 2023.
- Create Green jobs and skills in construction, transport, green finance, and power.
- Begin London Councils journey to become net zero by 2030 and using our contracting power to do this.
- Review the London Lorry Control scheme to improve accessibility and routing to reduce instances of longer journeys and reducing the scheme's impact on air quality where possible.
- Provide the haulage industry with a routing tool to improve compliant routing and reduce journey distance.
- Deliver on the recommendations from the Surface Water Task and Finish Group.

In 2022/23 on behalf of TEC, London Councils has achieved the following:

Climate Programmes

- Identified connections and common challenges during summer 2022 and started to scope out the next phase of programme development.
- The programmes have started to deliver key priority actions and developed two-year implementation plans. Some of the achievements to date:
 - Retrofit co-ordinator training for boroughs.
 - Secured funding for retrofit London programme office and appointed Programme Director.
 - Retrofit London won the MJ award for 'leadership in responding to the climate emergency'.
 - Evidence base for low carbon development in local plans.
 - Baseline data modelling to help understand the changes in transport policy required to hit net zero.
 - Identified potential Power Purchase Agreement, with five boroughs working on joint procurement model.
 - Low carbon diet and pan-London food campaign to reduce food waste.
 - Textile collection service trialled.
 - Research package commissioned to establish green jobs and skills metrics for London Councils.
 - Highlighted borough-led adaptation work and research gaps through partnership with the London Research and Policy Partnership.
- The programme director has identified a resourcing model and is looking to implement this in the coming months.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)3Ci

- Continued to work closely with 3Ci – the Cities Climate Investment Commission – to develop robust approaches to neighbourhood level integrated climate financing solutions.
- Developed the London regional net zero pipeline, including over 600 projects from across London covering a wide range of categories.
- Supported the development of the 3Ci Outline Business Case (OBC), which was launched at a Summit in October 2022 and was followed by briefing sessions for councillors and officers.
- Supported engagement with Government Ministers, the Shadow front bench and parliamentarians on 3Ci as well as 3Ci's new strategy, landscaping review and communications refresh.

Green jobs and skills

- Agreed that the Chair of TEC will join London Councils Economy Board, which is made up of London Councils portfolio holders for economy, business and culture, employment and skills and planning and transport, some boroughs CEOs and colleagues from the GLA. Its purpose is to ensure that London boroughs and sub-regional partnerships play their full role in supporting London's economic growth.
- Strengthened the London Economic Framework around the green jobs and skills agenda and ensured that the Infrastructure Framework includes net zero compatible projects and speaks to 3Ci.

LC journey to net zero

- Internal climate change group has been set up, with a focus on staff actions, contracts, and policy.
- This group has made several recommendations to the Corporate Management Team and the following actions have been agreed:
 - Adopted target of reaching net zero by 2030
 - Changes to procurement and packaging use
 - Incorporating change considerations into grants and contracts
 - Securing a more sustainable workplace when moving offices
 - Trial climate change considerations in non-environmental policy areas

Surface Water Flooding

- Established the Surface Water Strategy Group with all of London's Risk Management Authorities and other partners with a keen interest in reducing the risk of flooding. Its main role is to develop and implement a shared vision and plan for tackling London's surface water flooding problem.
- The Surface Water Strategy Group now oversees the delivery of several recommendations resulting from the commissioned work after the significant floods of July 2021.
- Created a scope for the vision and strategy document, obtained funding for delivering the strategy document, plus a secretariat and independent chair to help drive progress.
- Delivered a flash flood awareness campaign with partners, aimed at the most vulnerable basement residents.

London Lorry Control Scheme

- Developed and tested a prototype routing tool for the London Lorry Control scheme and will be developing further iterations.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Wellbeing and Borough Role in Prevention**

London Councils, on behalf of TEC, set out to:

- Work in partnership with our contractors and transport partners (TfL and the Rail Delivery Group) to provide the Freedom Pass and Taxicard schemes to:
 - Ensure transport is not a barrier to older and disabled Londoners' participation in essential and non-essential activities.
 - Support and encourage independent travel.
 - Provide more accessible routes into the schemes, enabling qualifying Londoners to apply.
- Make improvements to the Health Emergency Badge scheme facilitating the provision of urgent care.
- Improve enforcement of the London Lorry Control scheme to ensure more Londoners get a good night's sleep and are not disturbed by HGV movements.
- Identify and map overlap between wellbeing and environmental policy and undertake more joint work with health colleagues on, for example, air quality and active travel.

In 2022/23 on behalf of TEC, London Councils has achieved the following:

Freedom Pass

- Progressed with Project Elevate, which will deliver:
 - Enhanced online experience for all pass holders (currently in test); and
 - A new case management system for boroughs and back-office team (delivered for Taxicard, Freedom Pass to follow in summer 2023), which will speed up application processing.
- Held four Freedom Pass borough officer liaison (BOLG) meetings, keeping borough officers up to date with developments on the scheme.

Taxicard

- Maintained good vehicle arrival performance throughout the year, despite challenges such as the fuel shortage and overall reduction in driver numbers throughout the industry.
- Continued progress towards Customer Service Excellence (CSE) accreditation.
- Improved contract management processes, with monthly meetings with the ComCab London contact centre to review performance.
- Held four Taxicard BOLG meetings during the year and introduced guest speakers including, RNIB and Age UK, leading to greater engagement from borough officers.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**London's Voice**

London Councils, on behalf of TEC, set out to:

- Deepen our relationship with DfT ministers and officials to show that London can play its part in delivering national transport priorities.
- Undertake a robust review and refresh of our climate change advocacy strategy considering national policy developments.
- Make the case for environmental and transport investment.
- Work with partners in TfL and the Metropolitan Police to enhance the enforcement of 20 mph speed limits.
- Make common cause with national partners to give local authorities the powers to enforce speeding contraventions.
- Engage with the voluntary and community sector to ensure the voice of the user is heard in the delivery of our transport and mobility services.
- Continue to share traffic and parking knowledge and expertise at a national level with partners such as:
 - The Local Government Association
 - The British Parking Association
 - The Transport Technology Forum
- Use LEPT to participate in European working groups, seminars, policy discussions and imparting (and absorbing) knowledge.

In 2022/23 on behalf of TEC, London Councils has achieved the following:

- Deepening and renewing working relationships with transport ministers and a number of different teams in the Department for Transport have now been established, leading to better understanding of London and especially the complex funding landscape from officials.
- Completed a climate change advocacy strategy for 2023/24, developed with extensive borough engagement, which focuses on four key pillars of action: secure progress against our current key policy asks; complete further policy development work; significantly strengthen our credibility and reach amongst key stakeholders; and continue to address the links with cross-cutting issues, such as the cost-of-living crisis. A delivery plan for the strategy has also been completed.
- Undertook strategic engagement with the Department for Energy and Net Zero (DESNZ), His Majesty's Treasury (HMT) and Salix Finance regarding retrofit funding challenges and budget asks.
- Continued to participate in the DESNZ-led Local Net Zero Forum and attended the first Ministerial Net Zero Forum meeting.
- Joined the Local Net Zero Mission coalition, co-chaired by Chris Skidmore MP and Mayor Ben Houchen.
- Participated in several climate related conferences, workshops and roundtables, such as the LGC Climate Conference, Delivering Net Zero Conference, Climate Innovation Forum, the UK100 Net Zero Local Leadership Summit, the LCCI Green Skills roundtable and others, presenting out latest positions on climate change, low carbon transport, green finance, the circular economy, EV infrastructure, car clubs and air quality.
- Submitted evidence to a number of enquiries ranging from climate change to air quality and micro mobility.
- Delivered the third year of [climate change polling](#), asking about awareness of climate change issues, motivation for behaviour change and reasons that are stopping people to make different lifestyle choices.
- Commissioned the third round of borough-level consumption-based emissions data from University of Leeds, co-funded by the GLA and ReLondon.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Traffic and Parking (T&P) Policy and Advice**

- Improved engagement with the London Environment Directors Network (LEDNet) with regular liaison and meetings.
- Held regular meetings with DfT on traffic and parking policy and legislative matters.
- Agreed the apportionment of traffic signal and control equipment maintenance costs to boroughs.
- 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
 - TfL's Vision Zero working groups
 - British Parking Association (BPA) as Council and Local Authority Special Interest Group member
 - Transport Technology Forum (TTF) on enhanced use of data and delivering future technological developments in road traffic.
 - Regular meetings with Local Government Association
 - Regular DfT and DLUHC liaison
- Reviewed and updated the national parking contravention codes list.
- Provided debt registration services with the Traffic Enforcement Centre for most London boroughs.
- Collated, analysed, and published London-wide traffic and parking enforcement and appeals statistics.
- Continued to work closely with DfT on the introduction of national moving traffic powers and updated traffic regulations in England.
- Lobbied government for enhanced parking and traffic enforcement powers including the reintroduction of CCTV, vehicle idling and roads policing.
- 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.
- Worked with Central Government and Vehicle Certification Agency (VCA) on bus lane camera certification process following a successful legal challenge.

Value Proposition for Boroughs

London Councils, on behalf of TEC, set out to:

- Continue to provide value for money through the delivery and effective performance management of:
 - Freedom Pass
 - Taxicard
 - London Tribunals
 - London Lorry Control Scheme
 - Health Emergency Badge
 - TRACE
 - Parking debt and warrant registrations
 - London European Partnership for Transport

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Negotiate the Freedom Pass appointment and settlement report delivered to TEC to ensure that boroughs are “no better or worse off” as a result of the scheme.
- Renew Freedom Passes expiring in 2023.
- Complete mid-term eligibility review of pass holders whose Freedom Passes expire in 2025, ensuring only those that are eligible for passes retain them.
- Complete NFI mortality screening for Freedom Pass and Taxicards
- Join the NFI London Fraud Hub, making Freedom Pass and Taxicard data more readily available for borough fraud prevention teams.
- Continue to support and/or host professional networks, including:
 - London Environment Directors network (LEDNet)
 - London Technical Advisors Group (LoTAG)
 - The Parking Managers network
 - The Freedom Pass and Taxicard borough officer liaison groups (BOLG)
- Explore closer working with the national parking tribunal to drive national consistency and value for money.
- Build on existing work to agree a joint approach with TfL on shared mobility, ensuring that boroughs have the necessary powers and resources to deliver on this effectively.
- Aim to secure an extension for the e-scooter trial and to shape government policy regarding rental e-scooters and e-bikes.

In 2022/23 on behalf of TEC, London Councils has achieved the following:

Freedom Pass

- Agreed the 2023/24 Freedom Pass settlement of £226,643 million with TfL and other transport operators.
- Renewed Freedom Passes expiring in 2023, ensuring eligible pass holders can continue to benefit from the scheme.
- Met SLAs for card production, despatch and customer satisfaction.
- Completed a mid-term review of passes expiring in 2026, including address checks to remove non-eligible pass holders from the scheme.
- Completed two National Fraud Initiative mortality screening exercises.

Taxicard

- Managed journey costs within budget at the scheme level for 2022/23.
- TfL budget of £8m was secured for 2023/24, providing funding for the scheme in the current financial year.

London Lorry Control Scheme (LLCS)

- Continued to successfully manage, administer, and enforce the LLCS on behalf of London Boroughs.
- Refined home working and remote procedures to keep service running in line with existing KPI's, including external document handling contract.
- Continued to make progress with outstanding scheme review recommendations, including:
 - website review and update;
 - CMS enhancements;
 - the development of a new vehicle operator routing tool that is currently in test phase;
 - draft proposed changes to the ERN that have been discussed with boroughs and TfL;
 - continued work with TfL freight changes to the scheme including amending the hours of operation and collecting supporting data and traffic forecasting requirements;
 - progress on future ANPR and camera sharing plans with TfL and boroughs;
 - specification for signs review finalised.
- Facilitated Barnet, Hillingdon and Redbridge re-joining the scheme.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Extended the enforcement contract for further year pending implementation of review recommendations.
- Finalised ITT requirements for all LLCS service areas.

Health Emergency Badge (HEB)

- Operated the London Health Emergency Badge scheme, issuing parking waivers to eligible health workers to use in emergency situations.
- Continued to work with our contractor ESP on the production and postage of badges.
- Secured agreement from TEC to progress the delivery of the recommendations from the review of practices and processes to ensure the service is as effective and efficient as possible.
- Finalised details on a revised ITT for a new CMS and badge design and production.

TRACE

- Managed and operated TRACE and increased in take up of the online service.
- Continued to work with boroughs to enhance use of electronic notifications of vehicle removals and reducing hard copy data transfers.
- Worked with stakeholders to manage vehicle removals for special events such as the London Marathon and Ride London.

London European Partnership for Transport (LEPT)

- Monitored European and other funding and knowledge exchange opportunities, and briefing boroughs accordingly.
- Attended EU Working Group meetings on issues key to boroughs and the Mayor's Transport Strategy, feeding back good practice and knowledge sharing opportunities.
- Disseminated and discussed changing transport dynamics and best practice with European cities and boroughs.
- Worked as project partner for communications and dissemination on two EU funded projects, EX-TRA and GeoSense.
- Helped borough access European opportunities such as reference groups from existing projects and workshops.
- Discussed the future of LEPT and how we can continue to operate on behalf of boroughs considering the funding withdrawal.
- Improved London engagement with the organisation Polis's political forum and dedicated network of European transport, mobility, and environment politicians.

London Tribunals

- Successfully completed phase two of a video hearing pilot that will help London Councils reduce accommodation costs at the expiry of the current lease in March 2025.
- Continued to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators.
- Delivered 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 expanded ULEZ scheme and commenced related appeal hearings.
- Undertook a series of assessments and reviews and implemented effective measures to mitigate against the impact of Covid-19.
- Successfully piloted the use of video hearings and have commenced preparing the infrastructure to implement their use in the coming year.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Professional Networks**

- Co-produced the State of the city Report 2021 together with LoTAG and facilitated enhanced discussion on this with DfT officials.
- LEDNet has renewed its vision and purpose and developed a set of five strategic priorities, which are closely aligned with London Councils climate and wider environment work:
 - Finance and investment – 3Ci, climate budgeting, CAP costing, climate finance;
 - Future places – net zero neighbourhoods, innovation pilots, place-based climate programmes and future of waste management;
 - Future transport – influencing future of road user charging, EV infrastructure rollout transport funding, active travel, healthy streets and transport decarbonisation;
 - Health and Environment – air quality, green space, healthy place making an increasing collaboration with the health sector;
 - Flooding and adaptation – adaptive policy frameworks, supporting flood risk action, collaboration and lobbying, nature-based solutions and supporting the resilient and green programme.
- Hosted a series of well-attended peer learning sessions with borough officers around borough Climate Action Plans, addressing climate adaptation; monitoring and evaluation; and citizen engagement.

Micro Mobility

- Continued active management of the e-scooter trial with TfL and borough officers. The trial has been extended and a new procurement is underway, with a strong emphasis on safety and modal shift away from cars and taxis.
- The current e-scooter trial has seen marked increases in ridership and has a very strong safety record. This has put London in a strong position for the second procurement, which has received keen interest from operators.
- Established good working relationships with the e-scooter and e-bike operators and facilitated discussions between borough officers and Councillors.
- London Councils has an agreed position with TfL on the regulation requirements of the micro mobility sector.
- Supported boroughs to enter more formal agreements with e-bike operators through formal procurement processes or MoUs. More and more boroughs are using similar requirements concerning parking models, service level agreements and data sharing for example.

Organisational Development and Design

London Councils, on behalf of TEC, set out to:

- Review the TEC constitution and powers, suggesting to Leaders' Committee and TEC changes required to support delivery of the shared ambitions.
- Develop a strategy for London Councils premises to provide value for money, accessibility, and sustainability.
- Pilot outcomes-based methodologies – working in a digitally enabled way; sharing data and using data insight to shape policy positions; sharing and learning from good practice.
- Collaborative working – test and learn new approaches to internal collaboration/matrix-like working and information sharing, learning from other organisations.
- Achieve Cabinet Office approved Customer Service Accreditation for our mobility services with a view to rolling it out to all our services in the future.
- Enhance our digital offering to service users across all our services.
- Adopt target to become net zero by 2030 and develop a strategy and plan to get there.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

In 2022/23 on behalf of TEC, London Councils has achieved the following:

- Received legal advice on the TEC constitution and powers that will feed into wider asks to government regarding devolution.
- Engaged an agency to help London Councils find smaller premises for both London Councils and London Tribunals which will provide greater value for money, accessibility, and sustainability in the medium to long-term.
- Used outcomes-based methodologies to make improvements to the Freedom Pass and Taxicard digital assets as well as piloting video hearings at London Tribunals.
- Participated in organisation-wide collaborative projects.
- Progressed towards Cabinet Office approved Customer Service Accreditation for our mobility services with a view to rolling it out to all of our services in the future.
- Included climate change objectives in procurement plans to contribute to reaching net zero by 2030.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Looking forward to 2023/24**

The future priorities have also been considered in the context of London Councils' shared ambitions, which have been agreed by London Councils' leaders.

London's Future

The impact of the Covid 19 pandemic is still affecting London transport. TfL's current financial settlement has had a significant impact on borough transport funding, which has been reduced and narrowed in scope. At the same time, the condition of London's highways is of increasing concern to members and the residents they represent.

For London to continue to compete as a global city and to continue progress made on active travel, wider investment in transport infrastructure and a green recovery is essential. Therefore, in 2023/24 London Councils will:

- Support the TEC funding sub-group to make the case for a London transport settlement that enables the boroughs and TfL to effectively deliver their respective legal powers and to support investments identified in London's infrastructure framework <https://www.londoncouncils.gov.uk/infrastructureframework>.
- Work together with LoTAG and LEDNet on the State of the City report, and a more sustainable funding solution for the public highway, which includes roads, pavements, drainage, lighting, and other structures, such as bridges.
- To work with TfL to co-create a multi-year Local Implementation Plan (LIP) funding deal for boroughs using a LIP funding model, giving boroughs greater scope to deliver locally defined transport priorities for their communities and businesses.
- Support the development of a single net zero compliant infrastructure pathway for London and a set of clear progression skills pathways with employers with a focus on green skills.

The London Councils transport and mobility team will continue to play a small role in providing opportunities for Londoners through the apprenticeship places it created last year.

Climate Adaption and Net Zero

London is ambitious in tackling the climate emergency and adapting to a changing climate. The impacts of climate change are clear, and London Councils has developed a programme of activity, led by London boroughs to deal with these challenges comprehensively as well as finding ways in which they may be financed.

Boroughs have agreed to invest and support the next phase of London Councils' climate programme, enabling the acceleration of the delivery of the action plans that have been developed. The funding will be used to employ up to six new staff to support the lead boroughs in their work.

London Councils will continue to support and enable the programme through effective governance, supporting a more effective climate finance and funding landscape and climate policy oversight.

London Councils has a significant role to play in setting the ambition and leading collaboration across London's boroughs as well as ensuring that collectively we have the right capacity and capability to do so.

Priorities for the climate programme over the next year are:

- Help boroughs make faster progress on climate action through developing shared solutions that can be adopted and implemented in multiple boroughs.
- Address skills, capacity and coordination gaps that can help London to deliver at scale.
- Strengthen London's research, data, and intelligence to enable more strategic action on climate and enable us to track progress.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Develop new delivery models and partnerships that can attract investment and bring additional capacity, expertise, and innovative solutions to London's climate challenges.

In addition to work on enabling the programme, London Councils on behalf of TEC will:

- Work with 3Ci to ensure that London boroughs can access effective funding and private finance for net zero projects.
- Develop a clear proposition for integrated climate change capacity support to boroughs consisting of training, data, and accounting.
- Continue London Councils journey to become net zero by 2030 and using our contracting power to do this.
- Support the Surface Water Strategy Group in its oversight function and ensure borough colleagues are sighted and engaged in the London-wide strategy development and other discussions around funding, governance, and collaboration.
- Utilising LEVI funding, expand the EV co-ordination and support function to support the partnerships in their delivery of EV infrastructure. This includes support in procurement, commercialisation, EV infrastructure strategies, knowledge sharing and pan-London guidance development.

Wellbeing and Borough Role in Prevention

The health, wellbeing and safety of Londoners is of huge importance and the boroughs are well placed to understand and meet the needs of their communities through the services they deliver to adults & children, and their influence on broader determinants of health.

The boroughs and City of London Corporation have chosen to delegate the management of several complementary services to London Councils that help the health and wellbeing of Londoners directly and indirectly. In 2023/24, London Councils will:

- Work in partnership with our contractors and transport partners (TfL and the Rail Delivery Group) to provide the Freedom Pass and Taxicard schemes to:
 - Establish a user forum for our mobility services that will ensure the voice of the user is included where possible in the provision of these services.
 - To review and simplify the eligibility criteria and conditions of the Taxicard scheme.
 - Provide more accessible routes into the schemes, enabling qualifying Londoners to apply.
- Make improvements to the Health Emergency Badge scheme facilitating the provision of urgent care in London.
- Improve enforcement of the London Lorry Control scheme using ANPR cameras to ensure more Londoners get a good night's sleep and are not disturbed by HGV movements.

London's Voice

London must speak with a bold, credible, and confident voice to ensure that it can meet the needs of its citizens, communities, and businesses so they can meet their full potential. London Councils will work with partners in London, in government and across the UK to show that our city wants to play its role in delivering a better Britain. During 2023/24, London councils will:

- Build on our relationship with government ministers and officials within (and beyond) DfT to make the case that investment in transport and sustainable development are pre-conditions for good growth.
- Utilise our professional networks, such as London Environment Directors Network, London Housing Directors, London Technical Advisory Group, Society of London Treasurers, and others to help shape and deliver London Councils policy goals.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Continue to implement our climate advocacy strategy to ensure London Councils continues to be seen as a key influencer on climate change policy.
- Support the devolution proposals that are being developed by the fiscal devolution task and finish group with evidence and advocacy.
- Recognising where we are in the political cycle, deprioritise lobbying to part-decriminalise speeding, focusing instead on working with partners to enhance the enforcement of 20 mph speed limits including providing boroughs with better access to enforcement data.
- Continue to share traffic and parking knowledge and expertise at a national level with partners such as:
 - The Local Government Association
 - The British Parking Association
 - The Transport Technology Forum
- Retain its membership of the POLIS network participate in European working groups, seminars, policy discussions and imparting (and absorbing) knowledge.

Value Proposition for Boroughs

London Councils represents London's 32 boroughs and the City of London. It is a cross-party organisation that works on behalf of all its member authorities regardless of political persuasion. Our ambition is to promote collaborative working, focussing pan-London efforts where they will really add value and to champion innovation and leading practice in the boroughs.

In an election year, and a time of considerable managerial change at senior levels in London, our role supporting leadership in the boroughs is a priority to ensure resilience and continuity. London Councils can also be a source of support and advice in times of challenge. Our services to Londoners on behalf of the boroughs are an essential part of our offer. In 2023/24 London Councils will:

- Ensure that TEC budgets and reserves are managed responsibly and sustainably.
- Continue to provide value for money, albeit in a challenging economic environment, through the procurement, delivery, and effective performance management of:
 - Freedom Pass*
 - Taxicard*
 - London Tribunals
 - London Lorry Control Scheme*
 - Health Emergency Badge*
 - TRACE
 - Parking debt and warrant registrations
 - Local electric vehicle infrastructure fund*

*Services where procurement or pre-procurement activities will take place in year.

- Negotiate the Freedom Pass appointment and settlement report delivered to TEC to ensure that boroughs are "no better or worse off" because of the scheme.
- Renew Freedom Passes expiring in 2024.
- Complete mid-term eligibility review of pass holders whose Freedom Passes expire in 2026, ensuring only those that are eligible for passes retain them.
- Complete NFI mortality screening for Freedom Pass and Taxicards.
- Join the NFI London Fraud Hub, making Freedom Pass and Taxicard data more readily available for borough fraud prevention teams.
- Continue to participate in, support and/or host professional networks, including:
 - London Environment Directors network (LEDNet)
 - London Technical Advisors Group (LoTAG)
 - The Parking Managers network
 - The Freedom Pass and Taxicard borough officer liaison groups (BOLG)

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- London Heads of Procurement Network and its task and finish group on *carbon reductions in procurement processes* and London Responsible Procurement Network
- Develop in partnership with TfL a pan-London shared mobility contract, ensuring that boroughs obtain more control over the e-bike and e-scooter markets.
- Consult on the level of penalty for road traffic contraventions and additional parking charges in London.
- Complete negotiations with TfL and boroughs on traffic signal apportionment.
- Develop a kerbside management toolkit with TfL and borough stakeholders.

Organisational Development and Design

London Councils is changing to deliver the shared ambitions and enable everyone to do their best work on behalf of London and Londoners. In 2023/24, we will:

- Work with government to explore allowing joint committees to receive Section 31 grant, working through the implication of this for TEC with members.
- Identify new premises for London Councils and London Tribunals to provide value for money, accessibility, and sustainability.
- Complete the review of London Councils' operating model and identify and implement improvements and enhancements to:
 - Committee and member services.
 - Business support functions.
 - Our approach to project and programme management.
 - Become a net zero organisation by 2030.
 - Our ability to flexibly respond to emerging issues and demands.
- Achieve Cabinet Office approved Customer Service Accreditation for our mobility services with a view to rolling it out to all our services in the future.
- Continue to enhance our digital offering to service users across all our services.
- Deliver our strategy to reach net zero by 2030.

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

The Director of Corporate Resources has pleasure in presenting the accounts for 2022/23. The accounts consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 18)
- Comprehensive Income and Expenditure Statement (page 33);
- Movement in Reserves Statement (page 34);
- Balance Sheet (page 35);
- Cash Flow Statement (page 36); and
- Notes to the Accounts (page 37 - 65).

Revenue expenditure

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

	Revised Budget	Actual	Variation
	£000	£000	£000
Expenditure	34,558	34,649	91
Income	(32,980)	(32,863)	117
Interest income and expenditure	-	51	51
Deficit for the year	1,578	1,837	259
Transfer from/to Reserves	(1,578)	(2,445)	(867)
Surplus for the year including transfer from reserves	-	(608)	(608)

Whilst there is a reported deficit for the year of £1.837 million, this is largely due to IAS 19 pension adjustments, where for example, the changes in liabilities as a result of years of service earned are debited or credited in the Comprehensive Income and Expenditure Statement. 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.

After a net transfer of £2,445 million from reserves has led to an overall surplus of £608,000. The surplus is largely due to:

- **Freedom Pass non-TfL bus services (-£448,000)**

The level of trips made in the claims submitted by the independent bus operators has not recovered to the extent anticipated post-pandemic, which was reflected when setting the 2022/23 budget. While there is an ongoing recovery, actual expenditure of £652,000 for 2022/23 remains a significant underspend on the annual budget of £1.1 million.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Lorry Control Administration/PCN income/Reduction in Bad Debt Provision (-£291,000)**

The administration of the London Lorry Control Scheme underspent the revised budget of £909,000 by £123,000. This is attributable to the net impact of small overspends on general office costs along with an underspend on the review of the LLC scheme where a budget of £141,000 was carried forward. As a result of delays to completing the review, Members have agreed to carry this forward to 2022/23. Enforcement of the London Lorry Control Scheme continues to significantly recover since the pandemic. The number of PCNs issued have returned to normal levels and this recovery has meant that there is a surplus against the budget of £1 million. The bad debt provision has decreased by £51,000 in respect of outstanding amounts, in accordance with usual accounting practice.

- **Net Freedom Pass survey and issue costs (Net £282,000)**

The budget for the freedom pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. Total expenditure for 2022/23 was £2.025 million, a significant overspend of £507,000. This budget has been impacted in part due to inflationary pressure on expenditure and contracts within this budget, along with additional costs associated with the postal strike. The mid-term review carried out in the year is the largest cohort, incorporating the 2020 applicants and has resulted in additional costs in the year. However, a sum of £975,000 was collected during 2022/23 in respect of replacement Freedom Passes, £225,000 above the £750,000 budgetary provision. In net terms, there was a deficit of £282,000, which, in accordance with approved TEC practice, will be charged against the Freedom Pass specific reserve.

- **Taxicard (Net Nil)**

Total payments to the contractor, City Fleet were £6.912 million, £3.345 million below the revised total budgetary provision of £10.257 million, based on actual trips taken to during the year.

Due to the reduction in expenditure, no boroughs were required to contribute to the scheme cost; therefore, boroughs will be refunded for any actual contributions made. The net refund to the Boroughs is £2.257 million. TfL fund the scheme cost in arrears, based on actual trips data from the preceding quarter. Payments received from TfL have therefore reduced in line with actual claims by £990,000 during the year.

- **Interest earned on investment of cash-balances (-£97,000)**

Cash-flow management undertaken at the City of London, who invest London Councils cash balances on behalf of boroughs, has yielded interest receipts of £97,000 against a zero budgetary provision.

Budget for 2023/24

On 8 December 2022, the full TEC Committee approved a total expenditure budget for 2023/24 of £44,704 million, exclusive of the borough payment of £217.012 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources, including the use of existing balances of £721,000 were also estimated to be £44,704 million, leaving a projected balanced budget for the year.

The pressures around increasing inflation is projected to influence the Committee's future finances due to potential reductions in enforcement activities and 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 inflationary pressures 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 2023 and of its income and expenditure for the year then ended.

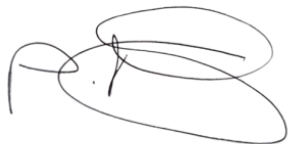


David Sanni CPFA FCCA
Director of Corporate Resources

1 February 2024

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held on 14 September 2023, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, consisting of a series of loops and a final horizontal stroke.

Cllr Peray Ahmet
Chair of London Councils' Audit Committee

1 February 2024

ANNUAL GOVERNANCE STATEMENT

Shared Ambition for London Councils

Over the summer of 2021, the Group Leaders of London Councils (the Committee) reflected on their ambitions for London and Londoners. This reflection came after a period of intense and productive collaboration across London through the Covid-19 pandemic: a collaboration based on shared values which they want to continue into the recovery and beyond. In October 2021, the Group Leaders and Corporate Management Team developed four core areas of the Shared Ambitions for London Councils to transform it into an organisation that:

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

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

- London's future;
- Climate adaption and net zero;
- Wellbeing and the borough role in prevention;
- London's voice;
- Value proposition for boroughs; and
- Organisational development and design.

A roadmap for delivering Shared Ambition milestones has been developed and is reviewed by officers and members on a regular basis to ensure that they remain relevant to London's local authorities and Londoners. London Councils has established a set of core values which continue to be promoted and embedded throughout the organisation.

Scope of responsibility

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

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 Chief Operating Officer and Director of Transport and Mobility at 59½ Southwark Street, London SE1 0AL. This statement explains how London Councils has applied this code.

ANNUAL GOVERNANCE STATEMENT (continued)

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 2023 and up to the date of approval of the statement of accounts.

The governance framework

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

- **Developing and communicating the Committee's vision** – The Committee has agreed a set of Shared Ambitions for London Councils and Londoners which inform the strategic direction of the organisation and the milestones included in the Shared Ambition Roadmap. The roadmap is reviewed on a regular basis and a report was presented to the Leaders' Committee in December 2022 detailing progress against the milestones and setting new ones for the next six months. There are a number of other 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. A summary of the key achievements is included in the Narrative Statement of the financial statements. Progress reports on the achievements of milestones included in the Shared Ambition Roadmap are presented to members twice a year. London Councils Corporate Management Team (CMT), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives

ANNUAL GOVERNANCE STATEMENT (continued)

- **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 7 June 2022. There is an established protocol which provides guidance on the working relationships between elected members and officers and a series of working conventions for the operation of the organisation had been approved at the Leaders Committee' Annual General Meeting in June 2019. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. In addition to the Executive, the Leaders' Committee appointed members to two other sub-committees/forums during 2022/23 which are the Audit Committee and Young People's Education and Skills Board (YPES). The YPES Board will be stood down during 2023/24. All London Councils officers are issued with a job description which confirms their duties within the organisation. Executive portfolio holders and shadow members have agreed priorities that codify expectations of these roles.
- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign-posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy. London Councils has established a set of core values which will be promoted and embedded throughout the organisation.
- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed by Leaders' Committee on 7 June 2022. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 13 October 2020. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made. There is a live stream of formal meetings of the main committees (Leaders, TEC and Grants). These are public meetings which the public and press can attend in person other than for exempt items of business. While formal sub- committee meetings are not live streamed, members of the public can attend them in person.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework is currently under review with a revised version to be presented to the Audit Committee for consideration and approval in September 2023. The organisation's strategic risk will be considered as part of the review to ensure that they align with the Shared Ambitions. The individual team risk registers continue to be reviewed by the Corporate Governance Group and Corporate Management Team to ensure they support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place: London Councils Whistle Blowing Policy and London Councils Policy to Combat Fraud, Bribery and Corruption, which were updated and approved by London Councils Audit Committee in June 2019. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer.
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms her duties within the organisation. The Chief Executive is subject to appraisal arrangements with Group Leaders who assess her performance against agreed objectives.
- **Audit Committee** – The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 7 June 2022. 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.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of learning 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 learning and feedback scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. London Councils' website provides members with a useful source of information on specific policy areas.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces annual statutory financial statements which include a summary of key achievements over the last year within its Narrative Statement. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.
- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.
- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangement.

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

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

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Team and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Head of Audit and Risk Management is satisfied that the breadth of scope and overall quantity of internal audit work undertaken is sufficient to be able to draw a reasonable conclusion as to the adequacy and effectiveness of London Councils' control, governance and risk management processes. On the basis of work undertaken, it is the Head of Audit and Risk Management's opinion that London Councils has adequate and effective systems of internal control in place to manage the achievement of its objectives. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2022/23.
- London Councils Corporate Management Team considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

ANNUAL GOVERNANCE STATEMENT (continued)**Areas for development during 2023/24**

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2023/24:

Pan London Mobility Schemes

An internal audit review on the Pan London Mobility Schemes was completed in 2021/22. The review assessed the effectiveness of controls in operation over the contract management of the Freedom Pass and Taxicard schemes. The review concluded that there were adequate contract management arrangements in place and effective controls to ensure that only eligible users have access to the mobility schemes. There were adequate record keeping arrangements and well-established quality controls to facilitate efficient service provision and swift resolution of problems identified. A new Taxicard Customer Management System (CMS) has been developed to facilitate online applications for Taxicards and improve the production of performance management information on application processing times. However, the performance monitoring reports require further development work that will be completed in 2023/24.

Parking and Traffic Services

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

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

The review found that there were adequate control arrangements in place but recommended improvements on service performance measurements and compliance with procurement regulations. Some of the recommendations have either been already implemented or alternative mitigating controls have been instigated. The remaining recommendations will be implemented in 2023/24.

Risk Management

As mentioned earlier in the statement, a review of London Councils' risk management framework will be undertaken during 2023/24. The outcome of the review will be presented to the Audit Committee to consider and approve.

Declarations of Interest

An internal audit review of Declarations of Interest, and Gifts and Hospitality was conducted in 2022/23. Its objective was to examine the adequacy of controls in place for obtaining, recording, and reviewing Members and officers' declarations of interests and the gift and hospitality register and to provide assurance that these are made in accordance with London Councils codes and protocols.

ANNUAL GOVERNANCE STATEMENT (continued)

The review identified some areas of improvement in relation to the completeness of registers of interest for members and officers. London Councils has taken a decision to discontinue the practice of collating a members' register of interest as there is no statutory requirement for joint committees to retain this information. Members will be expected to make declarations in their own boroughs. A record will be kept of any declarations made by members during the course of a London Councils' committee meeting.

A recommendation in relation to the regularity and timeliness of officers' declarations has been accepted by management and will be implemented in 2023/24.

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

Significant governance issues

There are no significant governance issues.



Alison Griffin
Chief Executive

1 February 2024



Cllr Georgia Gould
Chair of London Councils

1 February 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE**Report on the Audit of the Financial Statements****Opinion on financial statements**

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 2023, which comprise the Comprehensive Income and Expenditure Statement, 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 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2023 and of the Committee's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. 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.

Conclusions relating to going concern

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

In our evaluation of the Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2022/23 that the Committee's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Committee. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Committee and the Committee disclosures over the going concern period.

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

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

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

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

Other information

The Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Committee, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (continued)**Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Committee, the Director of Corporate Resources and Those Charged with Governance for the financial statements

As explained in the Statement of 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 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 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 2022/23, for being satisfied that they 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 there is an intention by government that the services provided by the Committee will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Committee's financial reporting process.

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.

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

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Committee and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2022/23, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972, the Local Government Act 2003 and the Local Government Finance Act 2012).
- We enquired of senior officers and the Audit Committee concerning the Committee's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Committee's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, management estimates and judgements and transactions outside the course of business.
- Our audit procedures involved:
 - journal entry testing, with a focus on unusual and high-risk journals;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

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

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the Committee's engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Committee including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Committee's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Committee's control environment, including the policies and procedures implemented by the Committee to ensure compliance with the requirements of the financial reporting framework.

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 13 July 2023. 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.

**Alastair Duke**

Key Audit Partner

for and on behalf of PKF Littlejohn LLP, Local Auditor
London

21 February 2024

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED
31 MARCH 2023**

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

		2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net £000	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000
Cost of Services							
Freedom Pass and Taxicard services		18,748	(18,623)	125	27,931	(28,525)	(594)
Direct Services		13,609	(13,907)	(298)	12,146	(12,837)	(691)
Cost of Services		32,357	(32,530)	(173)	40,077	(41,362)	(1,285)
Other Operating Expenditure	7	2,292	(333)	1,959	2,453	(318)	2,135
Financing and investment income and expenditure	8	199	(148)	51	272	(27)	245
Deficit on Provision of Services		34,848	(33,011)	1,837	42,802	(41,707)	1,095
Re-measurement of the net defined liability	10			(9,272)			(4,888)
Other Comprehensive Income and Expenditure				(9,272)			(4,888)
Total Comprehensive Income and Expenditure				(7,435)			(3,793)

The notes on pages 37 to 65 form part of the accounts.

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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.

	2022/23			2021/22		
	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000
Balance at 1 April	5,770	(8,447)	(2,677)	6,006	(12,476)	(6,470)
Total Comprehensive Income and Expenditure	(1,837)	9,272	7,435	(1,095)	4,888	3,793
Adjustments between accounting basis and funding basis under regulations (note 6)	867	(867)	-	859	(859)	-
(Decrease)/Increase	(970)	8,405	7,435	(236)	4,029	3,793
Balance at 31 March	4,800	(42)	4,758	5,770	(8,447)	(2,677)

The notes on pages 37 to 65 form part of the accounts.

BALANCE SHEET AS AT 31 MARCH 2023

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 2023	31 March 2022
	Notes	£000	£000
Property, Plant and Equipment	11	204	307
Other Long Term Assets	10	-	-
Long Term Assets		204	307
Short Term Debtors	12	6,298	4,728
Cash and Cash Equivalents	13	3,475	5,393
Current Assets		9,773	10,121
Short Term Creditors	14	(5,219)	(4,718)
Current liabilities		(5,219)	(4,718)
Other Long Term Liabilities	10	-	(8,387)
Long Term Liabilities		-	(8,387)
Net (Liabilities) / Assets		4,758	(2,677)
Usable Reserves	16	4,800	5,770
Unusable Reserves	18	(42)	(8,447)
Total Reserves		4,758	(2,677)

The notes on pages 37 to 65 form part of the accounts.



David Sanni CPFA FCCA
Director of Corporate Resources

1 February 2024

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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.

	2022/23 £000	2021/22 £000
Net deficit on the provision of services	(1,837)	(1,095)
Adjustments to net deficit on the provision of services for non-cash movements	(81)	742
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	(146)	19
Net cash flows from Operating Activities (note 19)	(2,064)	(334)
Investing Activities (note 20)	146	(19)
Net (decrease)/increase in cash and cash equivalents	(1,918)	(353)
Cash and cash equivalents at 1 April	5,393	5,746
Cash and cash equivalents at 31 March	3,475	5,393

The notes on pages 37 to 65 form part of the accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting Policies**a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

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 committee that is useful to existing and potential investors, lenders and other creditors in making decisions 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 assumption;
 - 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 2023 (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 the associated activity 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 held by the City of London on behalf of London Councils, 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 2023 (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 2023 (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 4.8% (2021/22: 2.6%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (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 2023 (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 2023 (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 2023 (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 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 His Majesty's Revenue and Customs. VAT receivable is excluded from income.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**2. Accounting Standards that have been Issued but not yet adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) has introduced changes in accounting policies required from 1 April 2021. If these had been adopted for the financial year 2022/23 there would be no material changes to the Committee's accounts as detailed below.

IFRS 3, *Business Combinations* – There is an amendment to this standard to resolve difficulties that arise when an entity is determining whether it has acquired a business or a group of assets. The International Accounting Standards Board (IASB) issued the narrow scope adjustments as the accounting requirements for goodwill, acquisition costs and deferred tax differ on the acquisition of a business and on the acquisition of a group of assets. This amendment is unlikely to have an impact on the committee's accounts as there are no proposals to acquire a business or group of assets.

Interest Rate Benchmark Reforms – There are amendments to the hedge accounting requirements in IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures* in order to address the uncertainty that will arise from the replacement of interbank offered rates with alternative risk free rates as part of proposed reforms. The second phase of these amendments will also include modifications to IFRS 4, *Insurance Contracts* and IFRS 16, *Leases* and focuses on changes to the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. These amendments are unlikely to have an impact on the committee's accounts due to the limited types of financial instruments held.

IFRS16 Leases – IFRS16 Leases – This standard specifies how a lease is recognised, measured, presented and disclosed in the accounts. It removes the traditional distinction between finance leases and operating leases. Finance leases are accounted for as an acquisition of an asset with a corresponding liability both recognised on the balance sheet. In contrast, operating leases are accounted by recognising lease rentals payable in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The standard requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset and a corresponding liability. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of the standard until 2024/25 in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. CIPFA LASAAC has taken this decision in response to pressures on council finance teams as a result of the Covid-19 pandemic. This will mean the effective date for implementation is now 1 April 2024. This standard will not have an impact on the Committee's accounts as it has not entered into any lease contracts.

3. Critical Judgements in Applying Accounting Policies

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

The critical 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 inflationary increases on expenditure.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Committee's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

Estimation of the net asset or 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 or asset.

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 £323,000. However, the assumptions interact in complex ways.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 1 February 2024. 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 2023, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

6A. Expenditure and Funding Analysis

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

	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22
	Net	Adjustments	Net	Net	Adjustments	Net
	Expenditure	between the	Expenditure in	Expenditure	between the	Expenditure in
	Chargeable to	Funding and	the	Chargeable to	Funding and	the
	Usable	Accounting	Comprehensive	Usable	Accounting	Comprehensive
	Reserves	Basis	Income and	Reserves	Basis	Income and
	£000	£000	Expenditure	£000	£000	Expenditure
			Statement			Statement
			£000			£000
Cost of Services						
Freedom Pass and Taxicard services	(28)	154	126	(743)	149	(594)
Direct Services	(603)	305	(298)	(986)	294	(692)
Cost of Services	(631)	459	(172)	(1,729)	443	(1,286)
Other Operating Expenditure	1,747	212	1,959	1,946	190	2,136
Financing and investment income and expenditure	(146)	196	50	19	226	245
Deficit on Provision of Services	970	867	1,837	236	859	1,095
Opening Usable Reserve Balance	(5,770)			(6,006)		
Surplus	970			236		
Closing Usable Reserve Balance	(4,800)			(5,770)		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

6B. Note to the Expenditure and Funding Analysis

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

Adjustments between funding and accounting basis during 2022/23:

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	157	(3)	154
Direct Services	320	(15)	305
Net Cost of Services	477	(18)	459
Other Operating Expenditure	212	-	212
Financing and investment income and expenditure	196	-	196
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	885	(18)	867

Adjustments between funding and accounting basis during 2021/22:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Freedom Pass and Taxicard services	153	(4)	149
Direct Services	291	3	294
Net Cost of Services	444	(1)	443
Other Operating Expenditure	200	(10)	190
Financing and investment income and expenditure	226	-	226
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	870	(11)	859

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 2023 (continued)

6B. 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.

7. Other Operating Expenditure

	2022/23	2021/22
	£000	£000
Staff costs	1,248	1,210
Premises costs	200	214
Other running costs	844	1,029
Total	2,292	2,453

8. Financing and Investment Income and Expenditure

	2022/23	2021/22
	£000	£000
Interest and Investment Expenditure	3	39
Interest and Investment Income	(92)	(28)
Net Loss on Pension Scheme Assets/Liabilities (see note 10)	196	226
Impairment (gains)/losses for bad debts	(56)	8
Total	51	245

9. Revenue from Contracts with Service Recipients

The Committee's main source of income is from annual subscriptions and agreed charges to member authorities. In 2022/23, 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:

	2022/23	2021/22
	£000	£000
Revenue from contract	(1,875)	(1,367)
Impairment of contract receivables (annual movement)	-	-
Total	(1,875)	(1,367)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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

	2022/23	2020/21
	£000	£000
Receivables (included in debtors)	1,597	1,187
Total	1,597	1,187

10. Pensions**Defined Benefit Scheme**

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

The administering authority for the Fund is the London Pensions Fund Authority (LPFA). The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by 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 was carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2019, the employers' contribution towards the Future Service Rate was set at 13.6% of pensionable pay for the period 1 April 2022 to 31 March 2023.

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 2023 (continued)**10. 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 2022 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 2022 was the starting point for the 'roll forward' IAS 19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2023 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 Defined benefit Obligation takes into account the estimated impact of the 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 2023:

Assumptions as at:	31 March 2023 (% per annum)	31 March 2022 (% per annum)
CPI increases	2.85	3.20
Salary increases	3.85	4.20
Pension increases	2.85	3.20
Discount rate	4.80	2.60

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**10. Pensions (continued)**

These assumptions are set with reference to market conditions at 31 March 2023.

Our estimate of the duration of the Employer's liabilities is 18 years.

The discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Our standard approach to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology.

A sample of cashflows is used for employers at each year and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation we use the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30 year point. This is consistent with the approach used at the previous accounting date.

Similar to the SEDR approach described above a Single Equivalent Inflation Rate (SEIR) approach in deriving an appropriate RPI assumption has been adopted.

The SEIR adopted is such that the single assumed rate of inflation results in the same liability value (when discounted using the yield curve valuation described above) as that resulting from applying the BoE implied inflation curve. The BoE implied inflation curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

Following a recent review of the market, and in particular noting the muted market reaction to the likely alignment of RPI with CPIH (Consumer Prices Index with Housing) from 2030, the gilt-implied inflation rates are currently distorted by supply and demand factors at medium and longer terms. An allowance for an Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 9 years) has been made. This results in an overall IRP of between 0.0% p.a. and 0.25% p.a. depending on the term of the liabilities (for terms ranging from 1 year up to 30 years).

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

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 2022, except for the CMI projection model. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI_2021 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.0% p.a. and a 2021 weighting of 5%.

Changing the 2020 weight parameter has a material impact on projected mortality improvements from 2021. Placing a higher weight on data for 2021 leads to materially lower future mortality improvements as you would expect. However the impact of the 2021 weight parameter on future mortality improvements "dissipates" over time, with the effect completely disappearing by 2040

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

10. Pensions (continued)

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

	31 March 2023	31 March 2022
Retiring today:		
Males	22.6	22.8
Females	24.7	24.6
Retiring in 20 years:		
Males	22.8	23.6
Females	25.6	26.0

The fair value of the pension scheme assets attributable to the Transport and Environment Committee at 31 March 2023:

	At 31 March 2023		At 31 March 2022	
	£000	%	£000	%
Equities	10,466	59%	10,956	57%
Target return portfolio	3,309	18%	4,146	22%
Infrastructure	2,252	13%	1,961	10%
Property	1,748	10%	1,727	9%
Cash	22	0%	459	2%
	17,797	100%	19,249	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 2023 is as follows:

	At 31 March 2023	At 31 March 2022
	£000	£000
Fair value of employer assets	17,797	19,249
Present value of scheme liabilities	(17,784)	(27,618)
Net Liability	13	(8,369)
Present value of unfunded liabilities	(13)	(18)
Net Liability in Balance Sheet	-	(8,387)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2023 is as follows:

	At 31 March 2023	At 31 March 2022
	£000	£000
Service cost	980	843
Net interest on the defined liability	196	226
Administration expenses	5	22
Total	1,181	1,091

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

10. Pensions (continued)

The reconciliation of the Defined Benefit Obligation at 31 March 2023 is as follows:

	At 31 March 2023	At 31 March 2022
	£000	£000
Opening Defined Benefit Obligation	(27,636)	(30,668)
Current service cost	(932)	(843)
Interest cost	(653)	(561)
Change in financial assumptions	9,990	1,700
Change in demographic assumptions	503	-
Experience loss on defined benefit obligation	(1,751)	(56)
Estimated benefits paid net of transfers	553	504
Contributions by scheme participants	(158)	(130)
Past service costs, including curtailments	(48)	
Unfunded pension payments	2	1
Adjustment arising from apportionment of pension liability	2,333	2,417
Closing Defined Benefit Obligation	(17,797)	(27,636)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2023 is as follows:

	At 31 March 2023	At 31 March 2022
	£000	£000
Opening Fair Value of Employer's Assets	19,249	18,263
Interest on assets	457	335
Return on assets less interest	(226)	2,267
Other actuarial gains/(losses)	48	-
Administration expenses	(5)	(22)
Contributions by employer	296	221
Contributions by scheme participants	158	130
Estimated benefits paid plus unfunded net of transfers in	(555)	(505)
Adjustment arising from apportionment of pension liability	(1,625)	(1,440)
Closing Fair Value of Employer's Assets	17,797	19,249

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**10. Pensions (continued)**

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

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	16,353	17,797	16,921
Projected service cost	323	336	349
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	16,651	17,797	16,616
Projected service cost	336	336	335
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	16,909	17,797	16,365
Projected service cost	349	336	323
Adjustment to Mortality Age Rating Assumption	+1 Year	None	-1 Year
Present value of total obligation	17,216	17,797	16,071
Projected service cost	348	336	323

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2023 is as follows:

	At 31 March 2023	At 31 March 2022
	£000	£000
Return on plan assets in excess of interest	(226)	2,267
Other actuarial losses on assets	48	-
Change in financial assumptions	9,989	1,700
Change in demographic assumptions	503	-
Experience gain/(loss) on defined benefit obligation	(1,751)	(56)
Adjustment arising from apportionment of pension liability	709	977
Re-measurements	9,272	4,888

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**10. Pensions (continued)**

The projections for the year to 31 March 2024 is as follows:

	31 March 2024
	£000
Service cost	336
Net interest on the defined liability/(asset)	(60)
Administration expenses	5
Total	291
Employers contribution	157

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 2022/23 tax year was 3% (2021/22: 3%) while the adjudicators' minimum contribution rate was 5% (2021/22: 5%). The scheme is operated by Smart Pension and the amount recognised as an expense in the accounts is as follows:

	2022/23	2021/22
	£000	£000
Current period contributions	35	32

11. Property, Plant and Equipment

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2022	26	930	956
Additions	-	-	-
Disposals	-	-	-
At 31 March 2023	26	930	956
Depreciation			
At 1 April 2022	23	626	649
Charge for the year	1	102	103
Charge relating to Disposals	-	-	-
At 31 March 2023	24	728	752
Net Book Value			
At 31 March 2023	2	202	204
At 31 March 2022	3	304	307

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

11. Property, Plant and Equipment (continued)

Comparative movements in 2021/22:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2021	26	930	956
Additions	-	-	-
Disposals	-	-	-
At 31 March 2022	26	930	956
Depreciation			
At 1 April 2021	21	525	546
Charge for the year	2	101	103
Charge relating to Disposals	-	-	-
At 31 March 2022	23	626	649
Net Book Value			
At 31 March 2022	3	304	307
At 31 March 2021	5	405	410

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

12. Short Term Debtors

	31 March 2023 £000	31 March 2022 £000
Amounts owed by member authorities	2,413	2,245
Payments in advance	372	-
Other debtors	3,598	2,619
Impairment losses for bad debts	(85)	(136)
Total	6,298	4,728

13. Cash and Cash Equivalents

	31 March 2023 £000	31 March 2022 £000
Cash held by the Committee	727	205
Cash balances held by the City of London	2,748	5,188
Total	3,475	5,393

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

14. Short Term Creditors

	31 March 2023	31 March 2022
	£000	£000
Amounts owed to member authorities	(3,332)	(2,494)
Amounts owed to group undertaking	(514)	(515)
Receipts in advance	(19)	(84)
Accruals	(1,256)	(1,625)
Other creditors	(98)	-
Total	(5,219)	(4,718)

15. Financial Instruments

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

Financial assets:

	31 March 2023	31 March 2022
	£000	£000
Amortised cost	9,553	9,922
Total financial assets	9,553	9,922
Non-financial assets	1,588	506
Total assets	11,141	10,428

Financial liabilities:

	31 March 2023	31 March 2022
	£000	£000
Amortised cost	(5,177)	(4,658)
Total financial liabilities	(5,177)	(4,658)
Non-financial liabilities	(42)	(8,447)
Total liabilities	(5,219)	(13,105)

16. Usable Reserves

	31 March 2023	31 March 2022
	£000	£000
General Reserve	3,694	3,826
Freedom Pass Re-issue Reserve	649	931
Special Projects Reserve	457	1,013
Total	4,800	5,770

17. Transfers (from)/to Specific Reserves

Transfers (from)/to the Specific Reserves during the year ended 31 March 2023:

	Balance at 1 April 2022	Transfer out	Transfer In	Balance at 31 March 2023
	£000	£000	£000	£000
Freedom Pass Renewal Reserve	931	(282)	-	649
Special Projects Reserve	1,013	(556)	-	457
Total	1,944	(838)	-	1,106

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**17. Transfers (from)/to Specific Reserves (continued)**

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

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

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

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

The comparative figures for the Specific Reserves have been restated to reflect the correct split between both reserves.

18. Unusable Reserves

	31 March 2023 £000	31 March 2022 £000
Pensions Reserve	-	(8,387)
Accumulated Absences Reserve	(42)	(60)
Total	42	(8,447)

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 credit balance on the Pension Reserve therefore shows a surplus 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

18. Unusable Reserves (continued)

	2022/23		2021/22	
	£000	£000	£000	£000
Balance at 1 April		(8,387)		(12,405)
Actuarial gains or losses on pension assets and liabilities		9,272		4,888
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,182)		(1,091)	
Employer's pensions contribution and direct payments to pensioners payable in the year	297	(885)	221	(870)
Balance at 31 March		-		(8,387)

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.

	2022/23		2021/22	
	£000	£000	£000	£000
Balance at 1 April		(60)		(71)
Settlement or cancellation of accrual made at the end of the preceding year	60		71	
Amounts accrued at the end of the current year	(60)		(60)	
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		18		11
Balance at 31 March		(42)		(60)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

19. Cash Flow Statement – Operating Activities

	2022/23 £000	2021/22 £000
(Deficit)/Surplus on Provision of Services	(1,837)	(1,095)
Adjusted for:		
Current Service Cost Adjustment	689	644
Depreciation	103	103
Net return on Pension Scheme Assets/Liabilities	196	226
Increase in Debtors	(1,570)	(823)
(Decrease)/increase in Creditors	501	592
Adjustments for non-cash movements	(81)	742
Finance and interest expenditure	3	47
Finance and investment income	(149)	(28)
Adjustments for investing and financing activities	(146)	19
Net cash flows from Operating Activities	(2,064)	(334)

20. Cash Flow Statement – Investing Activities

	2022/23 £000	2021/22 £000
Finance and Interest Expenditure	(3)	(47)
Finance and investment income	149	28
Payment to Acquire Property, Plant and Equipment and Intangible Assets	-	-
Total	146	(19)

21. Members' Allowances

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

	2022/23 £000	2021/22 £000
Members' Allowances	29	17

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**22. Officers' Remuneration**

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

Remuneration Bands	Number of Employees	
	2022/23	2021/22
£50,000 - £54,999	3	3
£55,000 - £59,999	1	2
£75,000 - £79,999	1	-
£85,000 - £89,999	-	1
£90,000 - £94,999	1	-
£105,000 - £109,999	-	1
£115,000 - £119,999	-	1
£120,000 - £124,999	1	-

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

22. 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 is as follows:

- Strategy Director, London's Futures – 20% (2021/22: Nil)¹
- Director, Transport and Mobility 100% (2021/22: 100%)
- Director, Corporate Governance – 20% (2021/22: 20%)
- Director, Communications – 28% (2021/22 28%)
- Director, Local Government Finance & Improvement – 25% (2021/22: 25%)

Senior officers remuneration during 2022/23

Post Holder	Salary £	Compensation Loss of Office £	Pension Contributions £	Total Remuneration £
New Strategy Director, London's Futures	17,252	-	2,346	19,598
Director, Corporate Governance	17,908	-	2,435	20,343
Director, Transport and Mobility	124,865	-	16,954	141,819
Director, Communications	34,292	-	4,664	38,956
Director LG Finance and Improvement	30,618	-	4,164	34,782
Total	224,935	-	30,563	255,498

Senior officers remuneration during 2021/22

Post Holder	Salary £	Compensation Loss of Office £	Pension Contributions £	Total Remuneration £
Deputy Chief Executive	13,949	-	1,897	15,846
Director, Transport and Mobility	55,515	-	7,665	63,180
New Director, Transport and Mobility	71,211	-	9,685	80,896
Director, Corporate Governance	17,600	-	2,394	19,994
Director, Communications	30,800	-	4,189	34,989
Strategy Director: LG Finance and Improvement	19,376	-	2,635	22,011
Total	208,451	-	28,465	236,916

¹ Appointed in 2022/23

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

23. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2022/23 (2021/22: nil).

24. External Audit Costs

The fee charged for the audit of all London Councils Statement of Accounts and Statutory Return was £52,000 (2021/22 £65,000). 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 I):

	2022/23	2021/22
	£000	£000
Fees payable in respect of the audit of the Statement of Accounts	32	44
	32	44

25. 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 2022/23 was £22.526 million (2021/22: £29.304 million). The total value of expenditure paid to member authorities during 2022/23 was nil (2021/22: £255). On 31 March 2023, the value of debtor balances owed by member authorities amounted to £2,413 million (2021/22: £2.277 million) and the value of creditor balances owed to member authorities (including receipts in advance) amounted to £3.434 million (2021/22: £2.460 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 2022/23 was £7.615 million (2021/22: £8.738 million). The total value of expenditure paid to TfL in 2022/23 was £66,000 (2021/22: £150,000). On 31 March 2023, the value of debtor balances owed by TfL amounted to £1.426 million (2021/22: £808,000) and the value of creditor balances owed to TfL (including receipts in advance) amounted to £18,000 (2021/22: £181,000).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**25. 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 2022/23 amounted to £7.302 million (2021/22: £6.162 million). On 31 March 2023, the value of debtor balances owed by central government bodies amounted to £220,000 (2021/22: £199,000) and there were no creditor balances owed to central government bodies (including receipts in advance) (2021/22: Nil).

London Councils Limited

London Councils Limited is a wholly controlled subsidiary of London Councils. The Committee was recharged an amount of £514,000 (2021/22: £515,000) in respect of the premises cost of London Tribunals' hearing centres. On 31 March 2022, the value of creditor balances owed to the group company was £514,000 (2021/22: £515,000).

26. Concessionary Fares

These accounts do not include the amount of £197.350 million (2021/22: £275.975 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.

27. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils. A copy of the consolidated accounts for 2022/23 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL and London Councils' website (www.londoncouncils.gov.uk).

28. 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.