

### (i) Metropolitan Police Authority

**Graham Tope (AM):** I will start with a point of agreement with the Mayor. This is an absurd way to be doing a budget – that we get an announcement [on funding for counter-terrorism] which is frankly less than clear to me, and I suspect to everyone else, on the day we start considering the budget. It is not small money; it is a fairly substantial chunk not just of the police budget, but of the Mayor's budget. I have a lot more questions on that, but I do not want to take up time trying to get clarity on something which we are probably not yet clear about ourselves. It does not sound to me like a particularly good settlement.

Mr Mayor, you said in your introduction, I think, that in order to get to your 65p a week increase, you might have to further modify your budget and that if you had to do so, those further modifications – i.e. cuts – would come from the Transport for London (TfL) budget. Would it be fair, then, for us to attack you for cutting the police budget?

**The Mayor:** The reality is we have had six years of sustained growth in real terms for the police – unprecedented in the entire history of the MPS [Metropolitan Police Service] – which has allowed us to go from 25,500 officers to now coming up to 34,000. I do not think anyone could actually say this represents a cut. What is happening is that Sir Ian Blair [Commissioner, MPS] is making the changes many of us have argued for for years – a huge restructuring of the finances of the MPS, the personnel of the MPS, taking officers out from behind desks and putting them on the streets. It is the savings in cutting into the bureaucracy that is allowing us to roll out the neighbourhood policing a year ahead of schedule. They are clearly major changes that needed to be made in the MPS. Those were started by Sir John Stevens (former Commissioner, MPS); they have accelerated under Sir Ian Blair, and they are just good news for all of us.

**Graham Tope (AM):** If we would be wrong so to accuse you, why is it right for you to accuse the Liberal Democrats of seeking to cut the police budget when, as a matter of record, every one of those years we have supported the police element of your budget? Indeed, on occasions we have proposed to increase it. We have voted against your budget because we think you are spending too much with TfL and too much on the core budget. How do you justify saying that the Liberal Democrats have proposed cuts in the police budget, which is blatantly untrue, simply because we have proposed cuts in the TfL budget as you yourself are doing?

**The Mayor:** For the last five years, and I suspect for this year, we have gone through a roulette around here. Whilst sometimes the Liberals have not been too bad, usually the Tories have been pretty awful, cobbling together completely incoherent sets of figures which allow you to claim you want to reduce spending whilst also claiming for growth. I just think that is basically dishonest. There will be equally disingenuous bundles of figures stuffed round in the February meeting as well, I suspect.

**Graham Tope (AM):** In other words, you have absolutely no answer, no justification for saying that Liberal Democrats wanted to cut the police budget, which is factually incorrect for every one of the years in which we have considered your budget.

**The Mayor:** You have consistently voted against every one of my budgets. At the end of the day, you have voted against them.

**Graham Tope (AM):** Do you know on what basis? It is on exactly the basis on which you have announced this morning you yourself will be cutting the budget. That is dishonest.

You have rightly talked about the importance of policing to Londoners. Are you not therefore very disappointed at your failure to persuade your own Government to recognise that and the disappointing increase in grant entitlement to the MPA [Metropolitan Police Authority] of only a little over 1%? Is that not a pretty serious failure from the Mayor of London?

**The Mayor:** We have had a huge increase in Government support for London across a whole range of the budget heads we are talking about. Some years we get more on transport than policing; some years it is the other way around. Now we are getting substantial investment in the Thames Gateway. If you actually look at it, I would have thought the level of grant from central Government to the GLA Group as a whole has doubled during the five years of my positive relationship with Her Majesty's Government.

**Graham Tope (AM):** Now you are fully within the Labour fold, the grant entitlement increase for the MPA is at 1.15%. That is pretty low. We are only saved by the so-called floor, and that is set for years to come. That does not seem to me like a Mayor of London that has convinced his own Government to provide the support that he has sought and claimed for years.

**The Mayor:** Look at the exact figures. The budget I inherited had a grant from Government to the police of £1.590 billion. Today, in the budget you see before you it is £2.217 billion. That is an increase of £627 million. I would love it to be more, of course. I would love them to pay to send me on holiday as well, but no one can say that is not a really good, sustained rate of increase in funding London's police.

**Graham Tope (AM):** That is looking to the past; I am looking to the future. Sadly, the future, for a year or two more at least, is a Labour Government and a Labour Mayor delivering to London increases of 1.15% in terms of entitlement, saved only by a floor in the budget.

I want to move on to Safer Neighbourhood teams now. I am quite confident that everyone in this Chamber fully supports Safer Neighbourhood teams and the work that they are going to do. We all want to see the full roll out as quickly as possible. Can you explain to me the rationale for rushing a smaller team out by 1 April? Is the salient date not 4 May?

**The Mayor:** I said, in the run up to the last election, that during my second term we would roll out a neighbourhood policing team to every one of the 628 wards in London. We have got about 45% of the way. The work Sir Ian (Blair) has done on restructuring the internal finances of the MPS and shifting people from behind desks and out onto the streets gives us the chance, providing we are prepared to put some more money in ourselves, to actually roll out the neighbourhood policing units so that every ward in London will see four of the six on their patch by the end of April and hopefully the full

six as early as September. The guarantee we are giving is by the end of the financial year.

We are certainly not going to say that we could roll out neighbourhood policing – you could have Dixon of Dock Green going down your street again – but we are putting it off for six months because the Liberals do not want to see it before the election. People want to see the police as rapidly as possible. They do not want this programme influenced by your electoral strategy. It will be embarrassing; you will not be able to put out all those voter leaflets saying, ‘We demand more policing’ because people will see them there on the streets. We may have to use more of them to keep all your Members of Parliament out of each other’s bed with rent boys, but there we are. We are just coping as best we can.

**Graham Tope (AM):** I am not going to be distracted by those things. I said, ‘And everyone else here wants to see the full roll out as soon as possible’. However, because we support the work of the Safer Neighbourhood teams so strongly, we need them to succeed. You and I have agreed in the past in this Chamber that crucial to the success of a Safer Neighbourhood team are the sergeants with the right skill sets. What evidence have you had that convinces you that the MPS can find over 300 sergeants or acting sergeants with the right skill sets over the next two months?

**The Mayor:** That is Sir Ian’s (Blair) belief, and he has operational control of the force. The thing that we are saying with the accelerated roll out is every one of those units will have the sergeant, the constable and two Police Community Safety Officers (PCSOs). The sergeant is absolutely crucial. If some of those sergeants turn out not to be up to the task, they will have to be moved. Inevitably in any organisation with expansion this dramatic, not everybody will be as good as everybody else. Sir Ian (Blair) will deal with that as the year unfolds. You cannot guarantee as new people get elected to the Assembly that they are all going to be brilliant; I cannot guarantee that every police officer is going to be brilliant either.

**Graham Tope (AM):** We have a better guarantee, certainly in my party, because it is a rather rigorous selection process. Our concern – and I would have thought a concern shared by everyone including, I suspect, you – is that because of the imperative to find 300 plus more sergeants over the next few weeks, the selection process will not be rigorous at all. We will see far more than we would otherwise in there with the wrong skill sets, and that will put the success of the Safer Neighbourhood teams in jeopardy. That is not something that any of us want to see. Can you not say that that is one of your concerns too?

**The Mayor:** That is not my concern. If you are going through the most dramatic change in policing for 40 years, since the disastrous mistake of actually withdrawing police from the streets, clearly we are doing that as rapidly as we have done it. As you already know, some of the Safer Neighbourhood teams have had a much more dramatic success in reducing crime than some of the others. The strengths and weaknesses that we identify will form the basis of the changes we make as we adjust the programme through the year.

We really cannot guarantee that everything is going to be perfect in every one of the neighbourhoods when you are going for this kind of expansion. What you can expect, though, is Sir Ian Blair and his senior team, who will deal with any deficiencies or

weaknesses that are thrown up and rectify those as the year rolls on. That is what we have done over the last three years and it has been a great success.

When I went round Somers Town with the Commissioner and Commissioner (Bill) Bratton (Former Chief, New York City Police Department), shopkeepers were coming out of their shops onto the streets to thank us, saying it had changed the quality of their lives. They were not being robbed week by week by week. That is the success of the scheme.

**Graham Tope (AM):** Just finally on Safer Neighbourhood teams from me, have you had a commitment from the Commissioner or from elsewhere that, whilst we are into this rapid roll out, the existing teams will not be diminished in numbers even temporarily?

**The Mayor:** We have no intention of reducing any of the existing teams. The key of these teams is you put the six officers there, they get to know the area, and they are not extracted to do other things.

**Graham Tope (AM):** The point is, will that six number be maintained throughout the transition period? I know that is the end objective.

**The Mayor:** I have seen press comment that people have expressed concern about this. We are not taking people from the existing teams of six in order to spread them round. The existing teams will stay. Every officer has the right to apply for a promotion, so if you have a constable in one team and they think they are now ready to be a sergeant, they may very well apply for that post. That would be the only way in which there is a shift.

**Graham Tope (AM):** I think with the rapid roll out they will probably be a sergeant whether they are ready or not. We are now very nearly half way through this term of office for you; do you still maintain your commitment to reduce crime in London by 50% during that period?

**The Mayor:** That is my target.

**Graham Tope (AM):** I know it is a target, but is it a commitment?

**The Mayor:** I do not have a target that is not a commitment, and I do not have a commitment that is not a target.

**Graham Tope (AM):** I remember you telling me that I could not tell the difference between a commitment and an aspiration. Have we now moved to an aspiration?

**The Mayor:** It is a target and a commitment.

**Richard Barnes (AM):** My calculation on the counterterrorism funding is that there is another £2 million worth of savings to be made by the MPS, and that is on the brief information that I have.

**The Mayor:** That is our view as well, but we do not yet know about this £30 million.

**Richard Barnes (AM):** I think the figure is £35 million, and everyone is scrabbling for it.

**The Mayor:** We will have to scrabble harder.

**Richard Barnes (AM):** Indeed, and it is interesting to watch you all do it. Would you regard this as a watershed budget for the MPS?

**The Mayor:** I think it is a watershed in the sense that once this roll out is done, and we have the funding in place to sustain it through future years, I think it is inconceivable that any future Mayor or Commissioner would want to turn their back on this policy. We will never go back to withdrawing police from the streets. In that sense, I think it is a cultural and financial watershed that will define policing for the rest of our lives in London in the way that the decision to withdraw police from the streets defined the last 40 years of escalating crime and anti-social behaviour.

**Richard Barnes (AM):** Does it fit in with the challenge laid out by the Commissioner at his Dimpleby speech?

**The Mayor:** There were many challenges. I read the speech; I do not recall there is anything in it I did not agree with.

**Richard Barnes (AM):** Part of what he talked about was a debate that needed to be engendered between the style of policing that we had – those that provided reassurance and those that did the policing investigative work. Is your budget moving towards that?

**The Mayor:** Is reassurance really something worth doing? Reassurance, I think, does not adequately capture the fear that a lot of people had about just walking on the streets of their own city at night. All our polling shows that gradually a confidence is returning. It is also not just about reassuring or reducing crime numbers. What we have seen by the impact of policing reform in both Chicago and New York is if you catch youngsters early on some small petty thing, you can divert them from an increasing involvement in escalating anti-social behaviour and crime.

**Richard Barnes (AM):** I understand the philosophy behind it, but I am trying to understand whether your budget subscribes to the vision painted by the Commissioner, whereby there would be a cadre of investigative responsive police and another group that walked around giving people comfort and reassurance.

**The Mayor:** This is the financial underpinning of Sir Ian's (Blair) speech that enshrines that. There will clearly be a cadre of police that are on the streets getting to know people who might be in and out of trouble, and a cadre of police – organised either at borough or centrally – dealing with often much more high-profile and threatening crime.

**Richard Barnes (AM):** I am glad you made that clear. Can you then explain what you mean by employing more police? What is a policeman in your terms?

**The Mayor:** I think that the big shift of the last few years with PCSOs is in recognition. There is a range of skills you need and not every police officer has to have a total and identical package. The PCSOs, certainly with the new powers they will gain over

truancy, I think, have the powers they need to provide the reassurance on the street, as long as they are part of a team that includes police officers with full powers. I think it would have been wrong to freeze police numbers and switch the responsibilities of police officers – effectively, to scale down full police officer numbers and increase PCSOs. However, in a situation where we have increased the number of full police officers, also having this cadre of PCSOs alongside, I think, is acceptable. It would have been wrong to see PCSOs replacing existing police numbers and jobs.

**Richard Barnes (AM):** You cannot believe how pleased I am to hear you say that, Mr Mayor. I have studied the MPA budget and its proposals very deeply, and it will actually lead to the loss of about 300 warranted, real police officers. Indeed, the management board took a decision to reduce numbers by about 200. Boroughs, at the moment, are looking for budget-control figures of up to about £500,000 each and some are considering reducing the number of police officers, which will impact on response and it will impact on investigation. How do you reconcile that?

**The Mayor:** When I was elected, there were 25,400 full police officers. In this budget, there are 31,000 plus; I do not quite know off the top of my head the exact figure. That is a huge and real increase. Running alongside that, we have started also recruiting PCSOs. You are absolutely right that if we are going to introduce neighbourhood policing across every ward in London, that has structural implications for borough policing. At the moment, some borough officers are doing a bit of beat policing, not as much as we would like. Many of them will be absorbed in borough teams. There are the huge structural changes made in the central command structure, particularly around counterterrorism work and Special Branch. The structure of the police will be very different in 18 months' time to what we inherited five years ago, but it will be what London requires.

**Richard Barnes (AM):** I recognise that there is, after 176 years, a need for the police to actually come into the 21<sup>st</sup> century within its structures. However, what most people understand to be a policeman is somebody who can arrest somebody, and not necessarily catch them drawing graffiti over a wall, cross the road to stop them, and have them put the paint pot in their pocket and not be able to pull it out because they have not got the right to stop and search. How are you going to judge the success of Safer Neighbourhood teams?

**The Mayor:** The continuing fall in crime is the key to success.

**Richard Barnes (AM):** Is that not counterintuitive? If they are there for the first time ever, are people not going to report crime more?

**The Mayor:** I think it is quite clear that rolling out neighbourhood police has actually led to an increase in reported crime, which is why I think a lot of the crime statistics do not really give us an accurate view of what is happening. Therefore, you have to judge that against the survey of crime that is done, which I think is a better measure of the overall levels of crime. Certainly, we have seen a big increase in reported crime in many areas like domestic violence, where the MPS really did not have this as a priority a few years ago. That does not mean to say that the amount of domestic violence has gone up; it is just women have the confidence to report it.

**Richard Barnes (AM):** Why have you taken Chicago as a model for community policing?

**The Mayor:** I think you have this contrast between New York, where there was a flooding of the streets with police and some quite aggressive policing, which led to some terrible accidents, but also led to the arrest of a lot of middle-class people putting their feet up on the Tube and things like that.

**Richard Barnes (AM):** That is a target that the Commissioner has identified.

**The Mayor:** I think that might be perhaps a smidgen too harsh for the sensibilities of Londoners. The Commissioner is much more inclined towards the role that Chicago has exemplified, where there is a much greater involvement of community leaders with the local neighbourhood police. We will look for what works. I think the reality is that the scale of crime and the fear of crime in New York in 1993 was out of all recognition to what we see in London, and perhaps required a much more vigorous and brutal response to break the back of that crime. I think we are much closer, in terms of what might work in London, with Chicago.

**Richard Barnes (AM):** Following your lauding of Chicago, indeed the Commissioner's, I am actually a member of the Chicago Community Support Network. They do not employ PCSOs, do they? They only employ warranted police officers.

**The Mayor:** I suspect there are other police forces around the world that have experimented with the PCSO concept, but it is primarily something that we are driving forward. It may very well be that its success will be taken up by Chicago or New York in the future. I remember, when I met Mayor (Rudolph) Giuliani (former mayor of New York), I was struck by quite a difference in pay levels between MPS police officers and New York police officers. That may have changed over the last five years, but he was employing an awful lot more police because he was also paying them considerably less.

**Richard Barnes (AM):** The conclusion I can only reach, looking at your budget – and I do support the Safer Neighbourhood structures, although I would like to see its action plan and how it is actually going to interrelate with the communities, and not just by walking around; how they are going to receive and share information – in many ways this budget is smoke and mirrors, is it not? The advanced roll out has been there to cover a major budget failure or challenge within the MPS. The Safer Neighbourhood teams have been funded broadly by Government grant; there will be a diversion, as I say, of some 300 officers from in the main budget. Command, Control, Communication and Information (C3i) is overspent, and a number of other projects are overspent. Londoners are paying in addition, and that is actually just keeping the MPS afloat. There is no real growth in this, which is coming from Londoners, yet we constantly pay year on year top dollar for your policies.

**The Mayor:** You talk about losing police officer numbers; I actually think it is a good idea that we are taking police from doing bureaucratic work behind desks and putting them on the streets.

**Richard Barnes (AM):** 170 detectives from the Serious Crime Directorate are bureaucratic officers?

**The Mayor:** I do not have operational control of the police. These are decisions for Sir Ian Blair to deploy the resources we give him to the greatest effect. I have to say, I trust his judgement on this. If he thinks this is the best way of policing London, that

how he rebalances the various central commands against what is happening in terms of patrols on the streets, then after 30 years on the force, I trust his judgement rather than mine on these operational matters. When we talked, I said to him, 'You are putting together such a substantial package of reform, some of it will not work out. There is no way that you can start this and, at the end of the year, it will have followed exactly the pattern you want. However, you have my backing in going down this road and you will have my backing in making the amendments and adjustments to the strategy over the year as things do not pan out exactly as we want. By the end of the year, I am certain we will all agree that on balance it has been a huge plus.'

**Richard Barnes (AM):** Safer Neighbourhoods next year will need some £76 million additional funding for the full-year effect. What agreements, nods, winks, or whatever you like to call them, have you got from central Government that this will be funded from there in the spending round 2007? Will that be the first call on Londoners again?

**The Mayor:** Given that we have not yet finished negotiating with the Government about this year's grant settlement, anything we want to speculate about next year, we might just as well invent.

**Richard Barnes (AM):** Budgets do lead on year to year, and this year will have an impact on next year. Let us not fall foul to the smoke and mirrors; let us see what the reality is.

**The Mayor:** There is increasing cost in the roll out of this year's programme in exactly the same way that the financial year we are now coming to the end of has had to bear the increased cost of the first year of the roll out. What I am simply saying, think back to when we started on this programme with three teams per borough. The financial prediction then was the cost of rolling out across the whole of London was so horrendous, it could not possibly have been done without central Government funding it all. As it turned out, and as we finessed it and as we got the experience, it has turned out to be deliverable up to this point at a reasonable cost. Next year, as soon as this budget is closed, I will start my round with Government ministers again complaining about how we need more money for next year. However, I do not have the slightest intention of giving you any idea, because I do not have it myself, of what next year's grant settlement will be. We will fight for the most we can get.

**Richard Barnes (AM):** We limp from year to year. You do not have a financing strategy.

**The Mayor:** I think that is the tragedy of the over-centralised British state, that we do exactly that. It was why I almost fell over with shock when the Treasury gave me a three-year funding agreement on the transport side. I think it is unprecedented in British financial history.

**Sally Hamwee (Chair):** It was agreed informally before this meeting – I think, through heads of office – that we would allocate around 30 minutes to the MPA. It is entirely a matter for Members, because the thing will be self-regulating. Time spent on this topic by Members just comes off the group's allocation.

**Jenny Jones (AM):** This is clearly a year when there is going to be a lot of demand on budgets. I am completely supportive of faster roll out of Safer Neighbourhoods; I have no argument with that, but what I am concerned about is that the road policing will be



protected. Are you confident that you can actually protect that road policing? It is a success story.

**The Mayor:** I have made clear to Sir Ian (Blair) the importance that your concerns should be fully taken on board in the preparation of a budget if he wants to get a budget. I will be with you in continuing to argue this. At the end of the day, operational decisions are for the Commissioner. I think the Commissioner is aware of the political realities of this Assembly.

**Jenny Jones (AM):** With the increased budget for counterterrorism, how can you be confident that there are not going to be more spurious public-order clampdowns of the kind where a woman was arrested and charged for reading out the names of the dead in Iraq?

**The Mayor:** I made clear at the time I thought that was a ridiculous overreaction. Sensible policing would have been to let her carry on reading out the names. Clearly in the present situation, the judgements of individual officers on the scene are not always ones one would support. I thought that was a mistake and I hope we have learned from it.

**Jenny Jones (AM):** You have been quite forceful about that, have you? I am really concerned and will do everything I can.

**The Mayor:** One of the reasons I have lobbied so hard – and I am delighted the House of Lords have now deleted it – was the glorification clause. I saw in the glorification clause a huge potential for endless miscarriages of justice and intrusions into people's freedom of speech. I am delighted the Lords have had the good sense to remove that. That would have been a real problem.

**Elizabeth Howlett (AM):** I want to take you back to Safer Neighbourhood teams. I think you will remember, like me, that in fact when this was first talked about, senior officers including the Commissioner said we absolutely have to have six bodies in the neighbourhood teams otherwise they are invisible. For visibility, we need one sergeant, two constables and three PCSOs. This is a compromise: we have one sergeant, one officer and two PCSOs. This is a compromise because we do not have enough money because you have not found the money for us.

We would love to actually roll out all these teams as quickly as possible, as you obviously want to do. However, we do not have the money. We agree with you that the research coming out of Tower Hamlets is that there is an impact on street crime, with the full roll out of six in each team. However, we are not actually going to achieve that. Is your roll out of the Safer Neighbourhood teams, diminished as they are, perhaps not giving us visibility? Is this actually just to help save Labour at the local elections and not to immediately have an effect on the rising street crime in London, which we are now seeing? Why could you not have found the money from, perhaps, the core GLA budget, etc., to help us get the full roll out?

**The Mayor:** If the Assembly want to forgo their budget, I will happily take it. The core GLA budget in relation to the MPS budget is comparable to a flea on the side of an elephant, not that I see any of you in that light whatsoever. The truth is here we have the funding and the personnel to be able to roll out four officers into each ward by April. We have the funding, but we do not have the personnel at this stage to roll out

the six. We will be able – and with all the retraining that is required – to achieve that by the close of the financial year.

It would be madness to hold the four back twiddling their thumbs rather than put them out on the streets in April. All right, it is two thirds of the total team in each case but there will be an immediate impact. They will be only be able to patrol two thirds of what they would if we were able to roll out the whole six, but you will see an immediate impact hopefully, and the Commissioner is hopeful that we might be able to achieve it by the end of September; we will get six in each ward. The guarantee is you will get the full six by the end of the year; you will all get four in every ward.

I have had MPs of all parties and Assembly Members of all parties all complaining that in their areas they are not happy with who has decided which wards, and when each ward is getting it. We can now say you are going to see police on every ward by the end of April.

**Elizabeth Howlett (AM):** Senior officers say you would not see them with only four because of the rota, because of needing time off. The Commissioner said it had to be six, not four. We questioned whether in fact the numbers were right. It had to be six; for visibility, it had to be six. You must have been told that as well.

**The Mayor:** It does. If you are rolling out, over a four-year programme, a few more wards each year, you would automatically have done it that way. However, if you have the chance to shift police resources so you can do it all and get four police and PCSOs on every ward in London by the end of April, we would be mad not to take it. If we had decided just to do two thirds of the remaining wards and they will each have six and the other wards will all wait until the end of the year, everyone would have complained about their ward not getting any. Bear in mind also that we are being flexible. We recognise that there are some boroughs where wards are substantially larger than others, and here the Commissioner is looking at even larger teams in those wards.

**Elizabeth Howlett (AM):** Do you mean by population?

**The Mayor:** Yes, by population.

**Bob Neill (AM):** We are all agreed that we want to see Safer Neighbourhood teams out across London; nobody is arguing about that. However, the way this has been done – the accelerated roll out – obviously is a result of a negotiation between you and the Commissioner. In the course of that negotiation, it would have become apparent that some officers will actually have to be moved from other duties to make up the Safer Neighbourhood teams. No doubt you discussed with the Commissioner what would or would not be acceptable in terms of where they might be moved from. Is that not the case?

**The Mayor:** The term ‘discuss’ is not the appropriate one. The Commissioner has operational control of the force. He prepared a plan, discussed it with the senior team, took Len (Duvall) and myself through that, and said that was the way he was going to go. I felt it was the right package but I do not have the right to veto it. If you want to give me that right, I suspect there will be a big row in Parliament about the Mayor having operational control over the police.

**Bob Neill (AM):** That is wholly disingenuous, is it not? You have said to the Commissioner, 'I will work with you to increase and accelerate the roll out of Safer Neighbourhoods'. Nobody pretends, since you are the man who holds the purse strings, that you cannot put considerable leverage on how that is done. Did you not have a discussion and say, 'Okay, we will do that but, if you are going to have to take these people, they cannot come from murder squads or serious crime operations because that would not be politically acceptable'?

**The Mayor:** What is politically acceptable is in setting the budget, and when I get the bids to increase this from the MPS, I need to have an understanding about where we are going to see those police. In the first years before we started the neighbourhood patrols, I sought from Sir John Stevens an assurance that the extra police we were paying for would go into the boroughs, would be able to assist at the boroughs and not at the centre. Now we have moved into the situation where we are putting this extra money in, and the deal is that it will fund the roll out of neighbourhood policing. The question of how he deploys his core staff between the murder squad, between counterterrorism and all that, are solely matters for the Commissioner. If anything, if he is politically accountable in those areas, it is more to the Home Secretary than to the Mayor. I agree with you; I think that is wrong. However, that is the law as it stands.

**Bob Neill (AM):** That is a very good attempt to duck the question, if I may say so. Are you really saying that the Mayor of London, in agreeing a package, did not use his very considerable influence and the weight of his office to say to the Commissioner that some deployments will be acceptable and some will not?

**The Mayor:** No, the Commissioner devised a package of reforms with his senior staff, which he brought to myself and Len (Duvall) and took us through. I made absolutely clear I thought this was the right direction in which to go. Oddly enough, as a civilian politician of 35 years, I do not have the detailed knowledge about how you conduct modern policing to make any realistic, valuable advice to a Commissioner who has devoted his life to policing about better ways for him to do his job.

**Bob Neill (AM):** It sounds like a very happy situation where you – as you have, I notice, in a lot of the press releases – take all the credit for the roll out of Safer Neighbourhoods 'brought to you by the Mayor of London'. If some major investigation is bodged up, then it is all down to the Commissioner.

**The Mayor:** I think if you go back over the last five years, you will find there has never been a point in time where I and this Commissioner or his predecessor have ever got into a blame game about any of the things that went wrong inside the MPS. After the tragic shooting of Mr (Jean Charles) de Menezes, I gave the Commissioner my full support and he still has it.

**Bob Neill (AM):** You do not have to blame him; you just leave him in the front line, that is all.

**The Mayor:** I actually went on the radio and explained he had my total support, and I wished him to remain in the post. No one could have been in any doubt about my position for his support. Whether you would get the same consideration is another matter.

**Bob Neill (AM):** I shall take that as a compliment.

**The Mayor:** It is.

**Len Duvall (AM):** On the direction of travel of the MPS, this is a service that is going to continue to develop and reinvest, either by Government grant, your precept or money that it finds internally itself in terms of reprioritisation.

**The Mayor:** This is absolutely the situation. Do not take my opinion on this; examine our annual survey. Londoners are less worried about crime in this city than at any time since the creation of the GLA and the new arrangements. We have a long way still to go, but the changes we have made – and I seem to recall, an awful lot of them were objected to and nitpicked over at Assembly meetings – have delivered a reassurance to Londoners and a real fall in crime.

**Len Duvall (AM):** Can you then confirm, just to correct some of the misinformation going around this morning, that neighbourhood police teams are still going to be the core base of six, which can be built upon depending on local situations? Can we also confirm that with the quote of the figure of 70 – whether they are losses, diversions or reprioritisations – 35 are going to be reprioritised to tackling serious criminal networks, which is a growth issue inside the MPS? Most others are going to counterterrorism and other services within the police. In that sense, we do not lose police officers, as the loss has been projected and maintained by others. They are actually reprioritised into other positions taken on the basis of what is happening in criminality, whether it is in terrorism, serious crime or volume crime.

**The Mayor:** Each year that I have been Mayor, there have been more full-powered police officers at the end of that year than the beginning. I suspect this process of growth will continue for a while yet. Within that total, it is up to the Commissioner to deploy his resources between the various specialisms in the way that he thinks best serves the city at this point in time.

Given we have moved from a situation where a substantial amount of police resource 15 years ago was monitoring trade unions, the Campaign for Nuclear Disarmament (CND) and activists on the left, to a huge shift around now to the far right and to international terrorism, one expects shifts and changes in the structure to reflect that.

**Len Duvall (AM):** Just for the record, can you confirm that police officers are important, but also the rest of the policing family that police officers also say is important, the support services they get – whether it is PCSOs, backup in offices, other issues – are equally important in tackling crime here in London. They should be valued by all and not played off against in terms of budgeting. Those who wish to play those games can lead to undermining, I think, public confidence in policing services per se, not just police officers, in tackling crime across London.

**The Mayor:** It is with real regret that I have occasionally noticed in some of the right-wing media disparaging comments about PCSOs. One day, a PCSO will give their life in order to save a member of the public. It is really quite insulting. Everybody who joins the police – whether it is as a full officer or as a PCSO – knows the risk they take. Simply because the pattern of history going back to (Sir Robert) Peel (founder of the Metropolitan Police Force for London) is that the police have always trained everybody in exactly the same way and recruited at exactly the same point, that does not mean to say that is what we need today.

Imagine if we were creating a health service in which we said every employee in the health service had to be a fully trained doctor – what a nonsense. You need nurses; you need a whole range of support staff and technicians. That is exactly the sort of policing that we are moving towards – one that reflects the needs of a much more sophisticated criminal layer in society and a much more complex society.

**Len Duvall (AM):** Can you tell us, on your non-Olympic precept, the rough total that goes on policing?

**The Mayor:** It is about 80%.

## **(ii) London Fire and Emergency Planning Authority**

**Valerie Shawcross (AM):** At the Outstanding Achievement Awards Ceremony that we held recently in the fire service to congratulate the firefighters on their performance on 7 July, you made a categorical promise to the fire service – to Londoners, really – that you would ensure that the London Fire Brigade was properly equipped to deal with future terrorist attacks. Are you satisfied that the budget we have put forward, and that you have now proposed, will put the Fire Brigade in a position to deal adequately with those possible attacks?

**The Mayor:** I am. I think the reductions in the fire budget that have come to me have pushed you right up against the margin. I would not want to see any further reductions at all. I do not think there is the margin in LFEPA (London Fire and Emergency Planning Authority) I would really like to see, but I think it is important we press ahead with the six new units because, on 7 July, we were stretched to the limit. If a future terrorist attack had more points of attack, we would not have the support we need. If anything, I would be tempted to put a bit more money into LFEPA. I would not want to see any reductions in this whatsoever. I think you have gone right to the margin of what is safe.

**Valerie Shawcross (AM):** I can confirm that the six fire and rescue units are proposed in the budget to go ahead. One of the issues that has been raised on LFEPA is a similar question you have had in relation to the MPA about the balance of resources going into London Resilience. You will not know these figures because a finance officer produced them this morning for me, but just to try to nail this debate a little bit, the Government has, over the past three years since 9/11 in a cumulative way in terms of revenue, capital and equipment in kind, put in about £35 million to the Fire Brigade to get it to the position it is in at the moment and LFEPA, about £58 million. The view of LFEPA is that we would like to see more support from the Government, but there has been a substantial layer of support. What is your comment on the kind of support we have had from the Government in this area?

**The Mayor:** I would have liked to have seen more, and that is basically my mantra across the whole range of these things. However, I read out earlier the increase in grant we have had from the Government over these years. Anne (McMeel) has now pointed out that five years ago we had a £228 million fire service grant; that is now up to £256 million. That is a real increase of £28 million. That is most probably less than I would like to see, and this is an area where I think we will have to redouble our efforts over the

next year to make sure there is a full recognition of what LFEPA has achieved in London by Government.

**Valerie Shawcross (AM):** We are in the business of thinking about the future. Are you content that the London Fire Brigade is in a healthy position in order to help tackle the challenges of the Olympics, the Thames Gateway and the London Plan in general for the future? Do you feel that the preventative approach you outlined is the way forward for the future developments in London in the Thames Gateway?

**The Mayor:** The figures I referred to in my opening statement about the risk of a loss of life from a fire incident in London, and the other associated figures that went with that, showed this has been an incredibly effective force. Clearly in a city where the population is rising strongly, in exactly the same way we are going to need more schools, we will need more fire stations in the Thames Gateway. Newham, by 2020, will most probably have 400,000 residents instead of the 250,000 that it had just a few years ago. That has to be reflected in many areas. We will be needing to make the case for an expansion of those resources as we will for education and for health right the way across the whole of the next 15 years.

**Bob Blackman (AM):** We have heard already that the Government grant seems to be a moving feast. Indeed, in the LFEPA budget one of the issues is that £3.3 million is not being funded, as I understand it at the moment, for increased resilience, yet that is still being debated with Government. Have you got any further news on whether that money will be forthcoming from Government?

**The Mayor:** The only news I have had is the news about the police grant. I would have given you any news I had in my opening statement.

**Bob Blackman (AM):** Is it still possible, then? I think the Government grant settlement is going to be confirmed on 6 February. Is that your understanding?

**The Mayor:** It will be about then. That is a moveable feast as well. Hopefully, they will do it before we set our budget; that would be a good precedent.

**Bob Blackman (AM):** The issue of London Resilience for LFEPA is still in the melting pot.

**The Mayor:** It will inevitably be because we are always going to be the prime target for terrorism out of the whole of the UK. We will always be making that case, and we have been doing that ever since 9/11 really.

**Bob Blackman (AM):** If increased Government grant comes in for LFEPA, what will you do to the LFEPA budget?

**The Mayor:** There are just too many 'wait and sees' in all of that. When we get increased grant, then we will sit down and talk about what we are going to do with it. If suddenly in an act of pure wonder we were told, 'We have changed our mind' and were given another £20 million for LFEPA, clearly we would shuffle things round a bit within the whole family. I do not think that is going to happen, so I do not think these figures will substantially change between now and the final draft budget. The area of substantial change is clearly going to have to be TfL.

### **(iii) Greater London Authority**

**Peter Hulme Cross (AM):** The Olympic Games represents more than half of the increase in the GLA precept for the coming year. You are on record as stating that the council tax in London is pretty much already at the limit of what it can bear. On the other hand the Secretary of State, [the Rt Hon]Tessa Jowell [MP], has stated in Parliament that Londoners' council tax will have to bear the burden of any overspend on the Olympics. We have seen huge overspends on the Scottish Parliament, the Millennium Dome, Wembley Stadium, and now the Olympic swimming facilities have gone over budget. The cost of land acquisition in the Lower Lea Valley has also risen above budget. Do you still maintain that Londoners' weekly contribution for a band D property to the cost of the Olympics can be represented by a 38p Walnut Whip?

[Interruption.]

**The Mayor:** I think there is a misunderstanding. Tessa Jowell has not said any cost overrun will be borne by the council tax. It will be revisited and discussed with the Mayor. In actual fact, the written agreement I signed with the Government does not talk about the council tax. It says 'London making a contribution'. In many ways, that could happen.

At the moment, as I think is repeated in much of the media, we are doing a big exercise of looking at savings we can make. The swimming facility will come back to budget or close to budget. We are looking at major changes, which could mean hundreds of millions of pounds of savings in the delivery of the Olympics. All these figures are going to change: some areas will go up, others will come down. Our target must be to ensure that we do not go beyond the £20 a year contribution that I have undertaken.

**Peter Hulme Cross (AM):** In the seven years since there have been budgets for the GLA, the cumulative increase has been 140%. There are only two years out of the seven in which the increase to the GLA budget has been less than two figures. This year, it is again up in two figures.

**The Mayor:** In 2000, I went into the election saying I would increase the council tax in order to improve public services in London. Police numbers were falling to a catastrophically low level and crime was rising. The bus service had become a joke. We therefore honoured that pledge; we had substantial increases in the first three years.

If you exclude the Olympics, which is a one-off, had we not won in Singapore we would be talking about a 5.5% increase. You say all but two years, it has been in single figures. However, it is the last two years. The reality is, for a new organisation setting itself up, tackling these outstanding hugely under-resourced public services, there were going to be big increases at the beginning. I do think that what we should be looking at now is a consistent pattern of single-figure increases for the future. The last two years show that; that would be the situation this year if it were not for the Olympics. I would take a lot of persuading to go beyond single-figure increases for the future.

**Peter Hulme Cross (AM):** You will still have the amount of the Olympics precept to take into account in next year's budget.

**The Mayor:** The increase next year will still be in single figures. Unless there is some dramatic change to the nature of local government financing, I cannot see that it would

be necessary to make the sort of increases we made in the first three years, as we established the GLA and restored the bus and policing services, in future years to come. My target is to keep all future council tax increases in single figures until we can abolish the damn thing and have something that is fairer for London. It is so depressing when I agree with you, is it not?

**Darren Johnson (AM):** All groups on the Assembly on the Environment Committee expressed concern that planning applications were not being systematically evaluated against all your environmental criteria in your strategies. In the letter to myself and Jenny (Jones, AM), you said that that would change and that they would all be. If, however, we find ourselves still in this situation in a few months' time, will you consider additional staff to actually deal with this and ensure that you do use your environmental policies and your planning power to actually deliver on your environmental strategies?

**The Mayor:** I am assured that the staffing changes we have made across the whole family – and it is not just simply the planning unit, but really people like Allan Jones (Chief Development Officer, London Climate Change Agency) and others – give us the resource here to have a proper analysis of the environmental impact of all planning applications. If that is not the case, we will revisit it with a supplementary estimate or virement during the year because we cannot go on not doing that.

**Darren Johnson (AM):** We will not have to wait until this time next year before we deal with that problem if it is not resolved.

**The Mayor:** I would have thought this budget allows us to put in place a proper environmental assessment of every planning application that comes during this financial year.

**Angie Bray (AM):** Are you not being just a little bit disingenuous with my friend, Peter Hulme Cross, asking about future budgets? You know and we all know that as from next year, the Olympic precept will be subsumed into the base budget, and therefore of course it is quite clear that you will be able to present increases in the base budget at a lower percentage level, albeit with just as much money if not more being paid out of people's pockets. I do not think it is absolutely clear that you are not going to be making any more calls on Londoners' pockets. Is it not true that as from next year it is going to be subsumed into the base budget?

**The Mayor:** Perhaps you could just abuse me and distort this year's budget before you move on to next year's.

**Angie Bray (AM):** You seemed to take such pleasure in answering the question at length, I thought you had an impression you wished to create.

**The Mayor:** We have made a written submission to the Assembly's Budget Committee, which sets out next year's likely level of precept increase. As I recall, it was of the order of 8.7%. I can guarantee it will not be 8.7%, so much will change. I have just said to Peter (Hulme Cross) that it is my determination to try to ensure we never again have a precept increase that goes into double figures.

**Angie Bray (AM):** There will be a smaller percentage rise, but it will actually be far more in terms of money. I think that is point we need to get across. Spin is not everything, as you know.



Can I ask you about the £500,000 that you are proposing to spend on extra staffing related to the Olympics? You are not exactly very transparent in what precisely this staffing is. Could I suggest to you that, when we look further down the budget, we see that – lucky us – you are actually making more on the precept than anticipated, an extra £2.5 million. I presume that is because of extra households paying it. Could that money not more usefully have been spent on these extra staff, when you have explained to us what they are, rather than having to put up your budget?

**The Mayor:** I suspect one of the major factors driving the need to recruit some more staff here to handle the Olympics is that they will be answering a lot of your questions. If you are prepared to say you will not ask any questions about the Olympics, I should imagine you would save a bit of money.

**Angie Bray (AM):** Why do they need to be paid for out of a rise in your budget when you are making surplus money on the precept?

**The Mayor:** We are not making surplus money on the precept. We have a sound, balanced budget, as we always have. There is a good monetarist in my heart. We do not make a profit; we are not allowed to make a profit. Some years we have a small under-spend, but in the totality of a £9.5 billion budget, we are remarkably close to our targets.

**Angie Bray (AM):** You are above your target. £55 million is what you budgeted for; you are getting £57.5 million. Why take more money out of Londoners' pockets when you could have shifted some of that money over to pay for your staff, who are going to be answering all our searching questions?

**The Mayor:** Wherever the money comes from, it still comes out of the same council tax payers' pocket.

**Jennette Arnold (AM):** Let us stay with this issue Angie (Bray, AM) has raised, because it has been raised with me. I think one of the jobs we can do here is just get a bit more clarity for people who are really interested in the Olympics and are at the heart of the part of London that is going to benefit most. I do not apologise for that; I represent many people who live in that area.

What they have asked me, and what it is I think Angie (Bray) has brought up, was that when you look at the figures, when we are asked to pay the levy, and I am sure given the response of Londoners on 6 July, we will settle down and pay because we know we have to pay for what we get; When you look, the amounts – as Angie (Bray, AM) says – leave a gap between £58.2 million each year for 20 years, which suggests that you will in fact be generating about £1 billion on the current levy. There is a gap there, so why is there such a gap? Given that there is a gap, how is that going to be spent?

**Anne McMeel (Executive Director, Finance & Performance, GLA):** I think that there is some confusion about the amount of money that has been committed to raising on the precept and the amount of money that will be raised next year on the basis of the current council tax base. The commitment is to raise £625 million between 10 and 12 years. Clearly, the amount raised each year will depend on the overall council tax base for that year.

Our current estimate – and we are waiting for the final council tax base figures for next year, which we should get by the end of this month – is that we will raise £57.2 million. On that basis, we would not have to levy for the whole 12 years in order to raise the £625 million. What we would be looking at towards the end of that period is to ensure that we raise the right amount of money over the period. Therefore, it might be that the levy is stopped earlier or is reduced towards the end of the 10-12 year period to ensure the correct amount of money is raised from London council tax.

**The Mayor:** As I recall, on these projections in the final year of the 12, I think we would only have to levy about £5 million. Effectively, we might lose a year. Instead of 10, we might need just nine and a little bit. If we do the 12, it would be largely 11 and the 12<sup>th</sup> year would be so small you would not notice.

**Jennette Arnold (AM):** Can I ask that we actually continue to make that clear because we are going to have the forces of Angie Bray for the next 10 years, I am sure, misinforming us? I am admitting that you will go on and on, Angie (Bray, AM), but you do a disservice to Londoners when you misinform them. I just want that made clear.

We know that you signed up to the Memorandum of Understanding. That in fact gives us a cap, because that actually states the maximum that we can pay. Is that not right?

**The Mayor:** This is why I think when people talk about reopening this, it is a mistake. We have fixed in the Government's mind and the public mind, a simple figure – 38p a week on the band D. Although it is tempting now to say we could shave a couple of million off and spread it over the 12 years rather than the 11, for us to reopen a deal that is so good for us, we would be out of our tiny minds, frankly. This is a very good deal; we have given our word it is going to be 38p a week. It is my absolute determination that as long as I am Mayor, we will stick to 38p a week. If we all start reopening the Memorandum, there is only one way it is going to go. That is worse. Let us pin everyone down – ourselves, the Government. Let us fix in the public consciousness that it will not be more than 38p a week for 10 years, and if there is an overrun, for 12.

**Jennette Arnold (AM):** We know that certainly Sydney did not overrun, but we also know that other Olympic Games did overrun. What happened in those cases with the Memorandum of Understanding? How were they able, if there was such a document in existence then?

**The Mayor:** There was not. What made our bid impressive, we had worked out the finances. We had worked out mechanisms for how it is to be paid for. What the Memorandum says is, if there are cost overruns, the Government will discuss with the Mayor the contribution London that will make towards dealing with the overrun. 'Discuss with' – it does not mention council tax.

As I have said before, the first point of call would be to look honestly at the increase in the land value from the land we are acquiring now to what we will sell it for afterwards. My own view would be to look at that, to look clearly at the value-added tax (VAT) regime of the Government, which is taking its share back. There are several other areas we would want to look at; I certainly would not want to look at the council tax.

**Jennette Arnold (AM):** Therefore, it is wrong when people make any comparisons and say that previous Games have led their cities to bankruptcy. That could not happen in London.

**The Mayor:** There is the disaster of Montréal but over the period since Los Angeles, the actual operation of the Games has made a profit or broken even. That has largely come from sponsorship and television rights. Where cities get into trouble is on the back of the Olympics, they have actually said they are going to do huge infrastructure works. That is not actually related to the Olympics, and that for us is the risk that we have to focus on.

There is not a penny of public subsidy going into the running of the Games. What there is now is the reclamation of the land, the under-grounding of the power lines, the building of the Docklands Light Railway (DLR) extension, and all these associated works. We wanted to do these in the Thames Gateway anyway. We have to focus on all of them to make sure they come in on budget and on time.

The good news is, whilst people can run off the litany of Wembley, the Millennium Dome, and all the other things that have ever gone wrong in Britain, the record we are establishing at the GLA and our Functional Bodies is that we have delivered all the major projects we have undertaken on time and to budget. We have yet to experience one of those failures.

We have done it because we have been prepared to go to the marketplace and pay what is necessary to bring in good project managers. That is why we have (David) Higgins (Chief Executive, Olympic Delivery Authority (ODA)) and (Jack) Lemley (Chair, ODA) to run and drive this forward. My determination is the best way of making sure these things come in on budget and on time is to keep politicians and civil servants away, and let (Jack) Lemley and (David) Higgins get on and drive it forward.

**Jennette Arnold (AM):** I have two things about the extra growth that there is related to the Olympics. Is it that that growth is to enable a GLA activity specific to your office? Will that stop the LDA having to dig into its resources, which is something that we would not want them to do unnecessarily? Is that additional to LDA spend, which has not been attributed to the LDA?

**The Mayor:** The LDA is driving forward the land-acquisition programme. There are increasing costs there because the value of the land has gone up from the moment that we won the Olympic Games. The reality is, though, we will get that increased value back once the Games is over and we sell the land on. David Higgins is already looking at ways of capturing the increase in land value. I had a discussion with him earlier this week about this.

There are then all the other small things. Here in this building, you will be scrutinising what happens. You will be using staff resource and time; perhaps it will divert staff away from other things. We do not have half a dozen people sitting around in my office doing nothing waiting for this. To advise myself and Neale Coleman (Policy Director, Best Value and Partnership, Mayor's Office), we will have that corps of people.

Bear in mind that I will be represented in the London Organising Committee for the Olympic Games (LOCOG) by Murziline Parchment (Policy Director, Major Projects and Service Delivery, Mayor's Office), who will require support in what is going to be a

complex working role. Neale Coleman will represent me on the ODA. They will need to have the advice and support to make sure that they can input to that properly, and will not just be presented with sets of papers that they just have to sign off to. We would be mad not to give ourselves the support necessary and that I need in my meetings with the Olympic Board where Government and the GLA are represented. This is an incredibly small corps of people, and I think my staff would have liked something substantially larger. I beat them down.

**Jennette Arnold (AM):** I am glad you did beat them down.

**Andrew Pelling (AM):** The Government declined to give a cap to London tax payers; Conservatives and Liberals voted for it, but the Government voted it down in Parliament. Would it not be best for the purposes of transparency, which both you and Jennette Arnold referred to earlier, if you worked with the local authorities to have a separate line on the council tax saying what the Olympic precept was?

**The Mayor:** That is my wish. I hope each borough, in the publicity it produces, will extract that out. Therefore, there will be the GLA precept, the Olympic precept, and the borough demand. I think it would be really gross and dishonest for anyone to do otherwise. Certainly, all the literature we produce will clearly identify the Olympics as a separate item.

**John Biggs (AM):** I understand you have a binding commitment to fund the Olympics through this Memorandum and it is predicated upon 38p a week council tax. If there was a proposal that the amount raised through council tax should be reduced and the spending should be re-profiled in some way, is there any way you could see that as being possible?

**The Mayor:** If the Government was to come along and say council tax payers should pay less and Government should pay more, I would of course jump at that and amend the Memorandum. My worry is that in any reopening of this settlement, it can only get worse. The pressure will be on us to put in more. Frankly, I am not inclined to go down that road however much I am hectored by the Cassandra of Kensington.

**John Biggs (AM):** If you found, for example, that the Conservative Party have basically backed out of what appeared to be support for the funding agreement through the council tax, would you be surprised at that?

**The Mayor:** Oddly enough, I would not be surprised at that. I said that I think everyone will remember the joy they felt on 6 July and the celebrations, and many people had a good drink. They will absolutely be ecstatic when the Games happens in 2012. However, sadly I fear most of the media and many people will spend the intervening time complaining and predicting doom and gloom. That happens in all the host cities as they build up to it. We just have to hold our nerve and not worry too much.

You now see newspapers that said we could never win the Games saying they are going to be a disaster. I am afraid people are just paid to write that sort of garbage. Some of them, like (Richard) Littlejohn (*Daily Mail* columnist), are paid £1 million a year.

**John Biggs (AM):** If we were to find later on that a proposal was made that we should cut the Olympic precept from £20 a year to £10, as Mayor, obviously you could not be

bound to do that. Would you have to find savings in other places if there was a two-thirds majority to force such a budget through?

**The Mayor:** Let us bear in mind where we are. I signed a document on behalf of London in agreement with the Government. My view is it is in everybody's interest to hold everybody to what we signed up to. I do not see any value in us reopening this. If the Assembly was to vote to reduce the budget by £10 a year and claim that this was reducing the cost of the Olympics, I will honour the undertaking I signed up to, which was then endorsed at the election because I was re-elected having undertaken that. What that would simply mean would be a £10 cut somewhere else in the budget – the police or transport. 'Do not play games with the precept' would be my answer to anybody who is thinking of that sort of juvenile gesture.

#### **(iv) Transport for London**

**Roger Evans (AM):** Looking at the third-quarter financial statement, which was reported to TfL last week, we can see TfL are predicting an under-spend at the end of the year of £164 million. That is assuming an over-programming – in other words, a carry forward – of £155 million, which I would suggest is hard to believe. It is also assuming that between now and the end of the year, TfL will spend over £1 billion more. In other words, they will be spending at twice the rate that they have done for the rest of the year. I would suggest that is hard to believe as well.

Is it the truth that the TfL budget is absolutely awash with money and your fare increases, which you brought in at the start of the year, are actually completely unnecessary?

**The Mayor:** No, the fare increases that we brought in are to allow us to repay the £2.9 billion I was given permission to borrow to fund programmes of improvements like the construction of the East London Line and the DLR extension. By law, we have to have a balanced budget. If we did not have a balanced budget, our credit rating would deteriorate and we would find ourselves paying above the market rates of interest.

Now, you are right; there is an under-spend. You know as well as I do that – and it has been the case since the Public Private Partnership (PPP) for the Underground – we pay the bills the PPP companies submit for the work they do. If they are slow to do their work, those bills do not come in this year. However, they will come in. There is not the slightest doubt in mind the PPP companies are going to undertake all the work they are contractually permitted to do because they get paid for it at too generous a rate of return. Therefore, it will come in.

Bear in mind as well, there are many other calls on the budget from the boroughs. The Leader of Westminster Council, Simon Milton (Sir Simon Milton), came to see me last week to ask if I could contribute £3 million from the TfL budget to the refurbishment and redesign of Leicester Square. I have agreed to that. It seems to me that we should make a contribution to improving one of the most squalid parts of central London, which will help to bear down on crime, create a much more pleasant environment, and frankly Leicester Square has been a disgrace for some time.

Kensington Council is coming to us for major investment to redo Sloane Square, to do Exhibition Road. Right the way across London, these demands come in. I therefore say

you can see all the things we have not spent on; I have a queue of borough council leaders down the corridor asking for substantial commitments to improve transport in the public realm in their area.

**Roger Evans (AM):** It is pretty incredible to suggest that that is going to lead to a doubling of TfL's expenditure on what has been achieved so far this year, is it not? Do you have confidence in the financial management at TfL? Bob Kiley (Commissioner, TfL) told us he had concerns when we saw him last week, and we know what a high value you place on Bob's (Kiley) judgement.

**The Mayor:** Bob (Kiley) and I discussed this in some detail. Bob (Kiley) was thinking of moving towards a more devolved financial mechanism inside TfL. I do not agree with that. I think when you have an organisation spending nearly £5 billion a year, you want a strong financial corps at the centre. You do not want anybody able to go out there committing expenditure and you only know about it after the end of the day.

We will retain a strong financial corps; it will continue to be led by Jay Walder (Managing Director, Finance and Planning, TfL), who has turned round what was a pretty dysfunctional budget process. Those of you that remember the first year, we did not have the information to do more than make broad guesses about the state of most of the 13 component TfL budgets we inherited. They have been welded together; huge savings have been found year on year. If you actually examine Standard & Poor's credit rating of TfL and the Audit Commission's report, this is most probably the most competent public authority in Britain.

**Roger Evans (AM):** That is good to hear. Do you expect that Peter Hendy's (incoming Commissioner, TfL) private office will cost as much money as Bob Kiley's private office did?

**The Mayor:** The private office of Bob Kiley was very small. He had a chief of staff, a couple of secretaries and a researcher.

**Roger Evans (AM):** It was £3.9 million.

**The Mayor:** That is in a £5 billion organisation. Pop along and see what the chief executive of Shell's private office is. This is doing everything pretty much on the cheap.

**Geoff Pope (AM):** In looking forward on transport, the big gap – as I am sure you will agree with me – is the very poor services on over-ground rail. You have shown an interest in investing in this. Therefore, I was disappointed to see there is no income projected for over-ground rail in the year 2006/07. However, we had been told the Silverlink Metro rail franchise would be let and in operation by Spring 2007. Does that mean that is now not going to happen until April or later?

**The Mayor:** We are, I think, spending in this year's budget something about £9 million on improving security on overland train stations, which is a contribution we are making. I wish the train operating companies (TOCs) were actually doing this work. Most of that is going into the Silverlink area.

We expect to become the franchising authority for Silverlink this year. We have been in detailed negotiations with the Government; we are still arguing about the transfer of pension liabilities. Clearly, we do not want to take on liabilities that should have been

funded by Government or the TOCs. As soon as we get that formal transfer, we will start defining the nature of the new franchise, which as I have suggested will specify all stations have to have personnel throughout their entire opening time, in the same way that every single Underground station does – with one unique exception on the Hainault loop.

**Geoff Pope (AM):** My question was about the timetable. You are still saying it is coming soon, which you have been saying since I joined the Assembly.

**The Mayor:** It is coming soon. As soon as we agree that the Government accepts the financial liability and not us. We could have accepted it two or three months ago if I had agreed to accept the transfer of the financial liabilities. At the moment, we are still in there haggling with Government about that.

What is good news, though it is longer term than this coming budget, is that this year we will – and the TOCs and Network Rail have asked us for more time and want to get involved in this as the Government does – begin the 20-year programme for modernising the overland trains, at a cost of about £7 billion. We were ready to go with that in January, but we would rather carry the TOCs and Government with us because it is more likely to happen. That will slip back a bit, but that would transform the quality of life for everybody dependent on overland trains.

**Geoff Pope (AM):** When the franchise is let, will you have a quality-incentive scheme similar to that with London Buses?

**The Mayor:** Absolutely.

**Geoff Pope (AM):** I am glad to hear that.

**The Mayor:** I do think one of the disgraces is it took us all of about three months to negotiate new bus contracts, which had real quality controls in, and it has never occurred to this Government or the last Government to do the same for the overland trains.

**Murad Qureshi (AM):** Could you just say again how the financial markets rate the fiscal management of TfL?

**The Mayor:** Everyone shuffles when I say I think this is the most effective public sector organisation, but when you read the Audit Commission report, which is the most glowing I have read about any public authority from the Audit Commission, when you read Standard & Poor's credit rating, these are really defining a world-class management.

When you consider what a basket case London Transport was when it was taken over by central Government under Mrs (Margaret) Thatcher (former Prime Minister) and a lack of investment started, the bad management came in, I am really proud of what we have done. I am really proud that we were prepared to take people like Bob Kiley on salaries that we would not have had in the public sector before. However, you bring in world-class management and you get a world-class organisation.

**Murad Qureshi (AM):** Coming on to the fare increases, have they had any discernable impact on the demand for public transport?

**The Mayor:** There is a slight reduction in the rate of growth of bus ridership; it is still growing, but not at the same rate. However, that is what we anticipated. From the last figures that I saw, I do not think that there has been any impact on Tube ridership. The only impact on Tube ridership was the legacy of 7 July and 21 July.

**Murad Qureshi (AM):** In that light, the Tories are proposing an amendment to reverse the fare packages for 2006. What is your view on that?

**The Mayor:** That is fine as long as it also has the honesty to go on and say what I should cut whilst cutting the fare increase.

**Murad Qureshi (AM):** The Liberal Democrats have certainly proposed some cuts on the major projects, which are listed in their amendments.

**The Mayor:** I am very worried about the Liberal Democrats given none of them are supporting Simon Hughes (MP). As the polls show, he is the overwhelming popular choice of both voters and Liberal Democrats. They are going to lose a lot of their kudos with the new leader.

**Murad Qureshi (AM):** The final issue for Londoners is the project management of the £12 billion investment programme. You may be repeating what you have said earlier, but are you fairly comfortable with what has been happening there?

**The Mayor:** Comfortable is most probably the wrong term. We are always going to be disappointed if we do not achieve more of our programme more rapidly. All these big projects take a long time to closely define. Once you have got to the point where you have defined it exactly, then that is what you have to hold to in terms of delivering it on time and to budget.

Frankly, if I recall, when I was elected Members of the Assembly said to me, 'You can build the East London Line in the first four-year term of the administration'. We then found two men and a dog in a basement at London Underground working with some maps that were about 30 years out of date. The whole thing was a joke; we had to scrub it all and start from scratch again.

This is the same with a lot of the wonderful projects we have inherited. Crossrail bears no relation now to the proposal that was kicking around 15 years ago. That did nothing to open up the regeneration of London. It has been a long struggle to get these projects to a point where you can credibly say, 'This is viable. This is what it will cost'. We will be there with Crossrail by the end of the Parliamentary bill process. However, what we inherited was frankly a joke in many areas.

### **(v) London Development Agency**

**Darren Johnson (AM):** How can you ensure that work on the Olympics, which obviously needs to be done and is now a key priority for the LDA, does not get in the way of delivering other priorities?



**The Mayor:** We set a target that in any one year the expenditure on the Olympics would not be more than 25% of the budget. I suspect that over the totality of the time, it will most probably come up to about 30%, being realistic about this.

We should see what the LDA budget was that we inherited. It was a regeneration agency, basically. If you are going to have the regeneration of the Lower Lea Valley around the Olympics, there is a limit to the capacity of how much regeneration you can do in any one city at any one time. When you actually look at that, plus what is happening at King's Cross plus what is happening around Wembley, I suspect we are most probably at about the limit of what the regeneration and construction industries can sustain between now and 2012.

Anyhow, I have been wanting to move the LDA away from simple regeneration to developing business support and skills. With this year's budget for the LDA, there has been a shift from regeneration into skills. It is my intention this will build up year by year. The reality is, when you come to look at all these other schemes, the remediation of the land can actually be dealt with by the private sector if that is reflected in the Section 106 agreement.

If we are really to tackle the long-term unemployment and the poor skills situation in London, I would rather now start to see the LDA's resources shifting more towards skills and business support and away from regeneration. We can do deals with the market around the development of individual sites. It means we will get less perhaps affordable housing than you would otherwise have done if the developer has to take on more of the remediation. However, that is a choice we can make.

**Darren Johnson (AM):** Part of the issue of widening out the LDA's remit obviously looks at sustainable regeneration and sustainable construction as well. Are you disappointed at the lack of progress on developing zero-energy developments so far?

**The Mayor:** As I said, we inherited a regeneration organisation and a staff who had just been handling regeneration grants for a long time. We set different targets: move into skills, move into sustainable development, move into childcare. I have to tell you, now with seven years having passed, there was real resistance to any of that. They wanted to carry on just doing regeneration.

We had a long process of bludgeoning them into the ground to get them to this point. It will now take off, I think, quite rapidly. They accept that the LDA's role is going to be much more about building a sustainable city, developing skills and dealing with childcare so that people can get back into work, than simply just buying a site, decontaminating the soil, and selling it on to somebody else when that somebody else could most probably have done the remediation themselves.

Therefore, I expect to see a lot more in this area. I expect to see the Climate Change Agency and all the work associated with that growing. Our target is to change the whole energy base of the London economy over 20 years.

**Darren Johnson (AM):** Can we expect to start to see zero-energy developments coming about?

**The Mayor:** I want to see them everywhere. Our problem is persuading boroughs to actually do them. Certainly, we should be doing more.

**Dee Doocey (AM):** You made the point for increasing some of the core GLA staff in order to support you in your Olympic work, and I am persuaded by some of that argument. I see that we do need to do something. However, I find it incredibly difficult to even try to imagine why on earth you think you can justify the addition of a press officer six years out from the Olympics. Is this not just yet another increase to your vast publicity machine?

**The Mayor:** The phone goes all day with negative, narrow-minded little journalists phoning up and saying, 'We have heard it is all going over budget. We understand this is not going to work. This is a disaster'. It is like a tide of doom and gloom coming over the phone, and someone has to say, 'No, this is a load of old rubbish. It is all going to be all right on the day'. If journalists were not so negative and nitpicking, we would not need a press officer.

**Dee Doocey (AM):** Since you have a larger press contingent than the Prime Minister (Tony Blair) has, surely all of those could answer and give your recorded message?

**The Mayor:** Comparing his popularity ratings with mine, which would you rather have? Everyone goes on about this comparison. The reality is what we have, if you take together the TfL, LDA and GLA press offices, set them against the totality of our budget and do not compare that with the Prime Minister's Office, but compare it with the Ministry of Defence. We are a service-delivery organisation; the Prime Minister's Office is a corps of support solely for the Prime Minister.

**Dee Doocey (AM):** You are a publicity seeker and that is why you have all these people.

**The Mayor:** I have a long-term psychological aversion to publicity. I am shy and retiring. I find it all terribly embarrassing; I only do it for the public good.

**Damian Hockney (AM):** You mentioned doom and gloom. It is a bit doom and gloom for the people of Marshgate, though, is it not? You mentioned earlier about David Higgins looking into ways of capitalising on land values afterwards. Do you not think it is a bit rich planning to possibly fund the Olympics by capital gains on land compulsorily purchased at knock-down values by the LDA?

**The Mayor:** 'Knock-down value' is a bit of an understatement, frankly. The land value has most probably doubled because we won the Olympics. We are on the verge now of securing deals with all the major employers in the area. We have identified sites; they are moving, they are staying within London. I think that now an awful lot of the political hot air has gone out of this, we are sitting down having serious discussions. I suspect we are going to save every employer that wants to stay. However, it would not be right that they get the benefit of what is going to be huge national and local sums of tax payers' money.

**Damian Hockney (AM):** They are going to lose as a result. They are having to move way out and they cannot get sites. The story you are telling me is not the story that I am hearing.

**The Mayor:** They are moving only within the East London boroughs. Nobody has to move out of London. This is not the salubrious site on which to do business. The ones that have the best imagination will up their game and increase the size of their firm on the back of the move they are going to make.