

# AGENDA

**Meeting GLA Oversight Committee**

**Date Thursday 22 October 2015**

**Time 2.00 pm**

**Place Chamber, City Hall, The Queen's Walk, London, SE1 2AA**

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## **Members of the Committee**

Len Duvall AM (Chair)  
Tony Arbour AM (Deputy Chairman)  
Jennette Arnold OBE AM  
Andrew Boff AM  
Roger Evans AM

Darren Johnson AM  
Joanne McCartney AM  
Caroline Pidgeon MBE AM  
Navin Shah AM

A meeting of the Committee has been called by the Chair of the Committee to deal with the business listed below.

Mark Roberts, Executive Director of Secretariat  
Wednesday 14 October 2015

## **Further Information**

If you have questions, would like further information about the meeting or require special facilities please contact: John Barry, Principal Committee Manager; Telephone: 020 7983 4425;  
Email: [john.barry@london.gov.uk](mailto:john.barry@london.gov.uk); Minicom: 020 7983 4458

For media enquiries please contact Alison Bell; Telephone: 020 7983 5769;  
Email: [alison.bell@london.gov.uk](mailto:alison.bell@london.gov.uk). If you have any questions about individual items please contact the author whose details are at the end of the report.

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Certificate Number: FS 80233

**Agenda**  
**GLA Oversight Committee**  
**Thursday 22 October 2015**

**1 Apologies for Absence and Chair's Announcements**

To receive any apologies for absence and any announcements from the Chair.

**2 Declarations of Interests** (Pages 1 - 4)

**The Committee is recommended to:**

- (a) Note the offices held by Assembly Members, as set out in the table at Agenda Item 2, as disclosable pecuniary interests;**
- (b) Note the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s); and**
- (c) Note the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at Agenda Item 2) and to note any necessary action taken by the Member(s) following such declaration(s).**

**3 Minutes** (Pages 5 - 46)

**The Committee is recommended to confirm the minutes of the meeting of the GLA Oversight Committee held on 17 September 2015 to be signed by the Chair as a correct record.**

The appendix to the minutes set out on pages 11 to 46 is attached for Members and officers only but is available from the following area of the GLA's website: website:

<http://www.london.gov.uk/mayor-assembly/london-assembly/oversight>

**4 Summary List of Actions** (Pages 47 - 54)

Report of the Executive Director of Secretariat

Contact: John Barry; [john.barry@london.gov.uk](mailto:john.barry@london.gov.uk); 020 7983 4425

**The Committee is recommended to note the completed and outstanding actions arising from previous meetings of the GLA Oversight Committee.**

## **5 Head of Paid Service Oral Update**

The Head of Paid Service to provide any service updates not covered in the rest of the agenda.

## **6 Mayor's Mentoring Programme Final Report and Evaluation** (Pages 55 - 74)

Report of the Head of Paid Service and Assistant Director of Health & Communities  
Contact: Amanda Coyle; [amanda.coyle@london.gov.uk](mailto:amanda.coyle@london.gov.uk); 020 7983 4321

**The Committee is recommended to note the report and discussion with the Deputy Mayor for Education and Culture and the Assistant Director of Health and Communities.**

## **7 London Pensions Fund Authority** (Pages 75 - 94)

Report of the Executive Director of Secretariat  
Contact: Katie Smith; [katie.smith@london.gov.uk](mailto:katie.smith@london.gov.uk); 020 7983 4423

**The Committee is recommended to note the report and the discussion with Sir Merrick Cockell, Chairman of the London Pensions Fund Authority (LPFA), Susan Martin, Chief Executive Officer, LPFA, and Chris Rule, Chief Investment Officer, LPFA.**

## **8 Garden Bridge Internal Audit Review** (Pages 95 - 96)

Report of the Executive Director of Secretariat  
Contact: Katie Smith; [katie.smith@london.gov.uk](mailto:katie.smith@london.gov.uk); 020 7983 4423

**The Committee is recommended to note the report and the discussion with Clive Walker, Director of Internal Audit at TfL.**

## **9 Assembly Budget Requirement 2016-17** (Pages 97 - 104)

Report of the Executive Director of Secretariat  
Contact: Mark Roberts; [mark.roberts@london.gov.uk](mailto:mark.roberts@london.gov.uk); 020 7983 4428

**The Committee is recommended to agree the London Assembly's draft budget requirement for 2016-17 for recommendation to the Mayor, subject to any changes that might be necessary prior to the final agreement on the budget in February 2016, to reflect:**

- (a) Any further advice from the Executive Director of Resources on contingencies and financial reserves; and**
- (b) Any changes that emerge during the remainder of the budget process.**

## **10 Devolution Working Group** (Pages 105 - 158)

Report of the Executive Director of Secretariat

Contact: Richard Derecki; [Richard.derecki@london.gov.uk](mailto:Richard.derecki@london.gov.uk); 020 7983 4899

**The Committee is recommended to agree the final report of the Devolution Working Group.**

The appendix to the report set out on pages 119 to 169 is attached for Members and officers only but is available from the following area of the GLA's website: website:

<http://www.london.gov.uk/mayor-assembly/london-assembly/oversight>

## **11 Work Programme for the GLA Oversight Committee** (Pages 159 - 164)

Report of the Executive Director of Secretariat

Contact: John Barry; [john.barry@london.gov.uk](mailto:john.barry@london.gov.uk); 020 7983 4425

**The Committee is recommended to note its work programme for 2015-16 and identify any additional issues it wishes to consider at future meetings.**

## **12 Date of Next Meeting**

The next meeting of the Committee is scheduled to be held on Wednesday 25 November 2015 at 10am in Committee Room 5.

## **13 Any Other Business the Chair Considers Urgent**

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# Subject: Declarations of Interests

**Report to: GLA Oversight Committee**

**Report of: Executive Director of Secretariat**

**Date: 22 October 2015**

**This report will be considered in public**

## 1. Summary

- 1.1 This report sets out details of offices held by Assembly Members for noting as disclosable pecuniary interests and requires additional relevant declarations relating to disclosable pecuniary interests, and gifts and hospitality to be made.

## 2. Recommendations

- 2.1 **That the list of offices held by Assembly Members, as set out in the table below, be noted as disclosable pecuniary interests<sup>1</sup>;**
- 2.2 **That the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s) be noted; and**
- 2.3 **That the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at below) and any necessary action taken by the Member(s) following such declaration(s) be noted.**

## 3. Issues for Consideration

- 3.1 Relevant offices held by Assembly Members are listed in the table overleaf:

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<sup>1</sup> The Monitoring Officer advises that: Paragraph 10 of the Code of Conduct will only preclude a Member from participating in any matter to be considered or being considered at, for example, a meeting of the Assembly, where the Member has a direct Disclosable Pecuniary Interest in that particular matter. The effect of this is that the 'matter to be considered, or being considered' must be about the Member's interest. So, by way of example, if an Assembly Member is also a councillor of London Borough X, that Assembly Member will be precluded from participating in an Assembly meeting where the Assembly is to consider a matter about the Member's role / employment as a councillor of London Borough X; the Member will not be precluded from participating in a meeting where the Assembly is to consider a matter about an activity or decision of London Borough X.

<b>Member</b>	<b>Interest</b>
Tony Arbour AM	Member, LFEPA; Member, LB Richmond
Jennette Arnold OBE AM	Committee of the Regions
Gareth Bacon AM	Chairman of LFEPA; Chairman of the London Local Resilience Forum; Member, LB Bexley
Kemi Badenoch AM	
Mayor John Biggs AM	Mayor of Tower Hamlets (LB); Member, LLDC Board
Andrew Boff AM	Member, LFEPA; Congress of Local and Regional Authorities (Council of Europe)
James Cleverly AM MP	Member of Parliament
Tom Copley AM	Member, LFEPA
Andrew Dismore AM	Member, LFEPA
Len Duvall AM	
Roger Evans AM	Deputy Mayor; Committee of the Regions; Trust for London (Trustee)
Nicky Gavron AM	
Darren Johnson AM	Member, LFEPA
Jenny Jones AM	Member, House of Lords
Stephen Knight AM	Member, LFEPA; Member, LB Richmond
Kit Malthouse AM MP	Member of Parliament
Joanne McCartney AM	
Steve O'Connell AM	Member, LB Croydon; MOPAC Non-Executive Adviser for Neighbourhoods
Caroline Pidgeon MBE AM	
Murad Qureshi AM	Congress of Local and Regional Authorities (Council of Europe)
Dr Onkar Sahota AM	
Navin Shah AM	
Valerie Shawcross CBE AM	
Richard Tracey AM	Chairman of the London Waste and Recycling Board; Mayor's Ambassador for River Transport
Fiona Twycross AM	Member, LFEPA

[Note: LB - London Borough; LFEPA - London Fire and Emergency Planning Authority; LLDC – London Legacy Development Corporation; MOPAC – Mayor's Office for Policing and Crime]

3.2 Paragraph 10 of the GLA's Code of Conduct, which reflects the relevant provisions of the Localism Act 2011, provides that:

- where an Assembly Member has a Disclosable Pecuniary Interest in any matter to be considered or being considered or at
  - (i) a meeting of the Assembly and any of its committees or sub-committees; or
  - (ii) any formal meeting held by the Mayor in connection with the exercise of the Authority's functions
- they must disclose that interest to the meeting (or, if it is a sensitive interest, disclose the fact that they have a sensitive interest to the meeting); and
- must not (i) participate, or participate any further, in any discussion of the matter at the meeting; or (ii) participate in any vote, or further vote, taken on the matter at the meeting

UNLESS



- they have obtained a dispensation from the GLA's Monitoring Officer (in accordance with section 2 of the Procedure for registration and declarations of interests, gifts and hospitality – Appendix 5 to the Code).

- 3.3 Failure to comply with the above requirements, without reasonable excuse, is a criminal offence; as is knowingly or recklessly providing information about your interests that is false or misleading.
- 3.4 In addition, the Monitoring Officer has advised Assembly Members to continue to apply the test that was previously applied to help determine whether a pecuniary / prejudicial interest was arising – namely, that Members rely on a reasonable estimation of whether a member of the public, with knowledge of the relevant facts, could, with justification, regard the matter as so significant that it would be likely to prejudice the Member's judgement of the public interest.
- 3.5 Members should then exercise their judgement as to whether or not, in view of their interests and the interests of others close to them, they should participate in any given discussions and/or decisions business of within and by the GLA. It remains the responsibility of individual Members to make further declarations about their actual or apparent interests at formal meetings noting also that a Member's failure to disclose relevant interest(s) has become a potential criminal offence.
- 3.6 Members are also required, where considering a matter which relates to or is likely to affect a person from whom they have received a gift or hospitality with an estimated value of at least £25 within the previous three years or from the date of election to the London Assembly, whichever is the later, to disclose the existence and nature of that interest at any meeting of the Authority which they attend at which that business is considered.
- 3.7 The obligation to declare any gift or hospitality at a meeting is discharged, subject to the proviso set out below, by registering gifts and hospitality received on the Authority's on-line database. The on-line database may be viewed here:  
<http://www.london.gov.uk/mayor-assembly/gifts-and-hospitality>.
- 3.8 If any gift or hospitality received by a Member is not set out on the on-line database at the time of the meeting, and under consideration is a matter which relates to or is likely to affect a person from whom a Member has received a gift or hospitality with an estimated value of at least £25, Members are asked to disclose these at the meeting, either at the declarations of interest agenda item or when the interest becomes apparent.
- 3.9 It is for Members to decide, in light of the particular circumstances, whether their receipt of a gift or hospitality, could, on a reasonable estimation of a member of the public with knowledge of the relevant facts, with justification, be regarded as so significant that it would be likely to prejudice the Member's judgement of the public interest. Where receipt of a gift or hospitality could be so regarded, the Member must exercise their judgement as to whether or not, they should participate in any given discussions and/or decisions business of within and by the GLA.

## **4. Legal Implications**

- 4.1 The legal implications are as set out in the body of this report.

## **5. Financial Implications**

- 5.1 There are no financial implications arising directly from this report.

<b>Local Government (Access to Information) Act 1985</b>
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List of Background Papers: None
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Contact Officer: John Barry, Principal Committee Manager
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# MINUTES

**Meeting: GLA Oversight Committee**  
**Date: Thursday 17 September 2015**  
**Time: 2.00 pm**  
**Place: Chamber, City Hall, The Queen's Walk, London, SE1 2AA**

Copies of the minutes may be found at <http://www.london.gov.uk/mayor-assembly/london-assembly/oversight>

**Present:**

Len Duvall AM (Chair)  
Tony Arbour AM (Deputy Chairman)  
Andrew Boff AM  
Tom Copley AM  
Darren Johnson AM  
Caroline Pidgeon MBE AM  
Navin Shah AM  
Valerie Shawcross CBE AM

## **1 Apologies for Absence and Chair's Announcements (Item 1)**

- 1.1 Apologies for absence were received from Joanne McCartney AM, for whom Tom Copley AM attended as a substitute Member, Jennette Arnold OBE AM, for whom Valerie Shawcross CBE AM attended as a substitute Member, and from Roger Evans AM.
- 1.2 The Chair informed the Committee that he had an item of urgent business to be discussed under agenda item 13, in relation to the Government consultation on proposals to increase joint working between emergency services.

## **2 Declarations of Interests (Item 2)**

### **2.1 Resolved:**

**That the offices held by Assembly Members, as set out in the table at Agenda Item 2, be noted as disclosable pecuniary interests.**

## **3 Minutes (Item 3)**

### **3.1 Resolved:**

**That the minutes of the meetings of the GLA Oversight Committee held on 30 June 2015 and 9 July 2015 be signed by the Chair as correct records.**

## **4 Summary List of Actions (Item 4)**

4.1 The Committee received the report of the Executive Director of Secretariat.

### **4.2 Resolved:**

**That the completed and outstanding actions arising from previous meetings of the GLA Oversight Committee be noted.**

## **5 Action Taken Under Delegated Authority (Item 5)**

5.1 The Committee received the report of the Executive Director of Secretariat.

### **5.2 Resolved:**

**That the action taken by the Chair of the London Assembly, namely to approve the publication of the London Assembly Annual Report 2014/15, be noted.**

## **6 Head of Paid Service Oral Update (Item 6)**

6.1 The Committee received the oral update of the Head of Paid Service.

6.2 Darren Johnson AM asked if the Authority had given consideration to retaining development capacity within the Webteam on a long-term basis, to further improve and adapt the website after its public launch. The Head of Paid Service explained that recruitment across the GLA

had slowed in advance of the 2016 Mayor and Assembly elections, but that the staffing arrangements of the Webteam would be reviewed post election; further, it was likely that a number of the current fixed-term posts in the Webteam would be extended beyond the website launch to provide immediate, short-term support.

- 6.3 The Head of Paid Service also provided the Committee with an update on the welfare of the security officer who had been injured during recent disruptions to meetings at City Hall; Members were informed that the officer had been released from hospital and was being supported by the Authority. The Head of Paid Service and Assembly Members also placed on record their praise and gratitude for the way in which the Authority's security officers had dealt with the whole incident.

## **7 Appointment of Rapporteur to Investigate the Potential of a Land Value Tax for London (Item 7)**

- 7.1 The Committee received the report of the Executive Director of Secretariat.
- 7.2 Tom Copley AM informed the Committee that the terms of reference agreed at that morning's Planning Committee for the proposed rapporteurship had been slightly amended from those included in the GLA Oversight Committee's report, insofar as the Planning Committee had agreed to make the broad focus of the proposed investigation the case for and against the introduction of a Land Value Tax for London.

7.3 **Resolved:**

**That Tom Copley AM be appointed as a rapporteur for the Planning Committee, to conduct an investigation into the case for and against the introduction of a Land Value Tax for London, with terms of reference as agreed by the Planning Committee.**

## **8 The Garden Bridge Design Procurement (Item 8)**

- 8.1 The Committee received the report of the Executive Director of Secretariat.
- 8.2 In attendance for this item were the following invited guests:
- Richard De Cani, Managing Director of Planning, Transport for London (TfL);
  - Will Hurst, Deputy Editor, Architects' Journal; and
  - Walter Menteth, Director of Walter Menteth Architects, Royal Institute of British Architects (RIBA) National Councillor and former Chair of the RIBA Procurement Reform Group.

8.3 During the course of the conversation, the Committee requested the following additional information:

- Confirmation on whether, as part of the invitation to tender, there was a process for the submission of clarification questions, and if any such questions seeking clarification on the brief were submitted during the process;
- Full details of the comments about the procurement exercise for the Garden Bridge design attributed to Professor Christopher Bovis during the meeting, and a written response from TfL to the comments made.

8.4 A transcript of the discussion is attached as **Appendix 1**.

8.5 **Resolved:**

**That the report and discussion be noted.**

## **9 Shared Services Update (Item 9)**

9.1 The Committee received the report of the Executive Director of Resources.

9.2 **Resolved:**

**That the Shared Services Update be deferred until the next appropriate meeting of the GLA Oversight Committee.**

## **10 Secretariat Quarterly Review, Quarter 1, 2015-16 (Item 10)**

10.1 The Committee received the report of the Executive Director of Secretariat.

10.2 **Resolved:**

**That the core Secretariat quarterly monitoring report for the first quarter of 2015-16 (April-June 2015) be noted.**

## **11 Work Programme for the GLA Oversight Committee (Item 11)**

11.1 The Committee received the report of the Executive Director of Secretariat.

11.2 **Resolved:**

**That, subject to the rescheduling of the Shared Services Update, the GLA Oversight Committee's work programme for 2015-16 be noted.**

## **12 Date of Next Meeting (Item 12)**

12.1 The next meeting of the Committee was scheduled to be held on Thursday 22 October 2015 at 2.00pm in the Chamber.

## **13 Any Other Business the Chair Considers Urgent (Item 13)**

13.1 In accordance with section 100B(4B) of the Local Government Act 1972, the Chair agreed to consider an item of urgent business in order that it be considered at the first opportunity and in advance of the consultation deadline pertaining to the matter.

### **Consultation on Joint Working Between Emergency Services (Item 13a)**

13.2 The Chair proposed that the GLA Oversight Committee should respond on behalf of the London Assembly to the recently announced Government consultation on proposals to increase joint working between emergency services.

13.3 **Resolved:**

**That authority be delegated to the Chair of the GLA Oversight Committee, in consultation with the Deputy Chairman and party Group Leaders, to either agree the Committee's response to the Government consultation on proposals to increase joint working between emergency services, or to prepare a response for formal agreement at the Committee's next meeting, as deemed appropriate.**

## 14 Close of Meeting

14.1 The meeting finished at 4.15pm.

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Chair

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Date

**Contact Officer:** John Barry, Principal Committee Manager; Telephone: 020 7983 4425; Email: john.barry@london.gov.uk; Minicom: 020 7983 4458



## GLA Oversight Committee, 17 September 2015

## Transcript of Item 8: Garden Bridge Design Procurement

**Len Duvall AM (Chair):** Now let us turn to our main business and welcome our guests. Thank you for being very patient. If I can just say for the purpose of the webcast, the guests before us are Richard de Cani, Managing Director (MD) of Planning at Transport for London (TfL); Will Hurst, the Deputy Editor of the *Architects' Journal*; and Walter Menteth, who is the Director of Walter Menteth Architects and also a Royal Institute of British Architects (RIBA) national councillor and former chair of RIBA's procurement reform group. We welcome you here today.

Before we begin our questions; the information and briefing notes we have got from TfL show this is not your greatest moment in procurement exercises. The tone of the questions will reflect some of those issues. Richard [de Cani], I sought clarification earlier today because there are issues in the commercial department involved here. We have had access to your internal audit report. If there any questions here today that you feel you cannot answer, rather than you trying to defend - which I think might be a difficult situation - if you say that maybe you would prefer to take some counsel we will follow up with a written question.

Be very clear today that we drafted in terms of our timetable this one hearing but if we feel it requires a further hearing we will adjust our timetable to do that. This is very important in terms of these processes. I was saying in jest today to some of your colleagues here at the Greater London Authority (GLA) - who have also had some procurement difficulties on other projects - that they must be very grateful they are not the only ones that seem to have procedures that do not appear to be followed. As the questioning starts you will get the drift from where Members from all political parties are coming from in terms of those issues.

**Andrew Boff AM:** Mr de Cani, why did you decide against an open procurement process for the design of the Garden Bridge?

**Richard de Cani (Managing Director of Planning, TfL):** Thank you for inviting me. To answer that question I need to - if you will let me - give you a minute or so of background as to why TfL is involved in this project in the first place. I think that provides helpful context to the Committee in answering that question.

TfL is responsible for the day-to-day running of the transport network and the long-term Transport Strategy for the city. We work closely with the GLA on the development of the London Plan. The biggest challenge we face in London is around growth. We have a whole strategy in place to deal with that growth: investing in the rail network; the road network; cycling; and the public realm. One of the big elements of the Mayor's Transport Strategy we need to deliver is improving facilities for pedestrians and getting more people walking, particularly in central London. Therefore one of our main policy thrusts in central London is to get people out of the Tube and out of the bus for short journeys, and to encourage them to walk. That is good for congestion, good for the environment, and it is good for the health of the city.

Garden Bridge - and the idea of a bridge connecting the North and South Bank of the Thames in central London - is a very sound transport proposition in helping to encourage people to walk. When you think about the geography of London - how it is changing and where the growth is taking place - we have got places like Waterloo which is one of our biggest arrival points in the morning peak. Over 50% of people who arrive there take the Tube short distances to their ultimate destination. We have got a growing employment market in central London. If all of those people carry on travelling by Tube we will not have enough space. The idea of

connecting across the river, between North and South Bank in that particular location, is a very sound transport proposition and helps meet the overall objectives of the Mayor's Transport Strategy.

We decided to do some further work on this in light of there being a lot of ideas already in existence about bridges in central London. Over the last 20 years there have been ideas for living bridges and there have been different thoughts of what you can do with the river to address some of those barriers. We wanted to look at the possibility of a bridge in that location between North and South Bank - a quite specific location - to help address those future challenges. It was an initial piece of work. It was a very small and focused piece of work where we wanted a design adviser to work with us to develop those concepts. We were fully aware that there were concepts out there in the public domain. We were aware of the Garden Bridge and Thomas Heatherwick's [CBE, founder of Heatherwick Studios] proposal. There were other ideas as well.

We wanted to do an initial design study, not to commission at that stage the design from start to finish because that was not our remit which was to investigate an idea. We invited three architects and designers who were known to us, whom we had worked with before. We did not have a framework in place at the time that had suitable expertise to do that job. We invited Wilkinson Eyre, who has worked with us before. It has got great experience with bridges. It has worked with TfL on the cable car [Emirates Air Line]. We invited Heatherwick [Studios] whom we knew had a bridge idea and also fantastic design experience in London. We also invited Marks Barfield, of course, whom developed the London Eye for its South Bank knowledge. We were quite focused about the companies that we wanted to invite for that initial phase to develop the idea with us.

It was a small study. It was focused and the brief reflects that. We wanted to someone to help and work with us on our particular thoughts around South Bank. At that point we were not embarking on progressing the whole project through to the point it is now, towards delivery. It was initial stage 1. It was a small and focused design exercise.

One of the issues that has been raised in the press and questions is about how that procurement was conducted and the value of the bids. We were very clear in our tender documentation - and all of that information has been in the public domain - that what we were looking for, at that point, was a small amount of information from those three designers in terms of experience of design, their appreciation of what we were asking for in terms of the issues around the South Bank, and details of people and day rates. We knew this was a very, very difficult thing to price for that first phase as a fixed fee which is why we were clear that we did not want a fixed fee. The fixed fee had no part to play in our evaluation. It was day rates. That first contract was capped at £60,000.

Heatherwick [Studios] was the best designer to meet the brief in terms of its understanding of the brief, what we were looking for and the expertise we wanted to work with us. All of the three submissions were extremely close in terms of their day rates, within 4% of the highest to the lowest so they all scored the same. Heatherwick [Studios] got a lower score because it had designed fewer bridges, but got a higher score because it understood the issues we were trying to address on the South Bank more closely. That is all reflected in the evaluation work that we did.

What this audit has confirmed is that that initial procurement was robust. It did offer value for money and it was acceptable for the job that we were doing at that time. If we had known at that stage that we were going to be involved two years later - and that this bridge would have progressed from an initial idea to something that went through planning and was now being delivered by a charitable trust - then we might have adopted a different procurement process. We did not. We have done this in stages, in increments, as we progressed along.

Hopefully that explains some of the background to why we did what we did.

**Andrew Boff AM:** Could I just ask therefore, the original tender was published on 13 February 2013?

**Richard de Cani (Managing Director of Planning, TfL):** Yes.

**Andrew Boff AM:** Are you saying to me you already had in mind, or had published, the limit of £60,000 which you have just referred to?

**Richard de Cani (Managing Director of Planning, TfL):** No. If you look at the invitation to tender (ITT) document which the designers were responding to and the specification in schedule 3, we were asking for tenderers to submit details of CVs along with day rates, two pages of relevant experience, and a short statement outlining their overall approach to the work, limited to six pages in total. It was quite specific in that brief what we were looking for and how we were going to evaluate those bids, which was based on day rates and not a fixed fee. We did not ask for a fixed fee.

**Andrew Boff AM:** Remind me - I may not have been paying sufficient attention - the £60,000 you alluded to, that was not --

**Richard de Cani (Managing Director of Planning, TfL):** That did not form part of the brief, no. To do the work that we identified in the specification, based on the submissions we received, we capped it at £60,000 because that met the requirements of our brief. It was our decision to do that.

**Andrew Boff AM:** Subsequent to the tender you capped it at £60,000?

**Richard de Cani (Managing Director of Planning, TfL):** The tender did not refer to a £60,000 cap.

**Andrew Boff AM:** I understand that. It is about the decision in TfL. At what point, in TfL, did you decide that the cap was going to be £60,000?

**Richard de Cani (Managing Director of Planning, TfL):** Once we had received the tenders and their proposals, to do the work that we had outlined and that we wanted to buy at that first stage we decided the best thing to do in terms of value for money was to cap it at £60,000. That would meet the requirements of our specification. That was our decision.

**Andrew Boff AM:** It was subsequent to the tender returns that you decided there would be a cap of £60,000?

**Richard de Cani (Director of Strategy and Policy, Transport for London):** Yes.

**Andrew Boff AM:** That is where I was trying to get to.

Why did TfL decide to go against the initial advice of its legal department and not run a design competition for the bridge?

**Richard de Cani (Managing Director of Planning, TfL):** We had some initial advice from the legal department. You may have seen reference to that in the audit. That looked at a whole range of different scenarios as to what TfL's involvement might be in this project. That looked at a scenario where TfL may be

actually delivering the bridge from start to finish: if we were the designer, we were progressing it through planning, procurement and construction. In that scenario it looked at what would be the best way to do it. The advice was saying, in that scenario, probably a design competition is the best way to do it. We decided to split it because we were not involved, at that point, to that level and we are not involved now. It was an initial study.

Then the stage 2 procurement we dealt with through our existing frameworks once we had clarification of what we were going to do next.

**Andrew Boff AM:** You reflected that back to TfL's legal team, and TfL's legal team said, "In that case you probably do not need it"?

**Richard de Cani (Managing Director of Planning, TfL):** Yes.

**Andrew Boff AM:** If we then move on to the selection of those three designers, run us through how you decided upon those again?

**Richard de Cani (Managing Director of Planning, TfL):** We did not have a framework in place at the time where we had the right people with the right experience to do that. Working with our legal and commercial colleagues we knew roughly what the value of this exercise was going to be. We did not know it was exactly £60,000 but we knew it was - for this first phase of work and what we were asking for in the specification - a relatively low value piece of work for TfL in terms of the quantum of money that were going to spend.

We invited three designers whom were known to us and whom had the right skills, knowledge, experience and track record of doing things in London. They had the design expertise and also an appreciation of the issues we were trying to address around crossing the river, the South Bank and the barriers we were trying to overcome. We picked it based on those criteria.

**Andrew Boff AM:** When you say designers known to yourself, do you have a list?

**Len Duvall AM (Chair):** Can I just come in? Our understanding is actually two of them were on your list of people you do business with and the third one was not on your list. Is that some sort of contract compliance issue?

**Richard de Cani (Managing Director of Planning, TfL):** No. I think, Chair, when you say "our list" you are referring to a particular framework. Just to explain, we have a framework approach to different suppliers where we go through the Official Journal of the European Union (OJEU) process to basically pre-qualify particular sets of suppliers. When we want to commission work we go off those frameworks. We have a lot of frameworks in TfL and they are changing all the time. We do not always have a framework with the right suppliers with the right skills. If we do not have that then we have to identify a set of suppliers that can work with us. Not all of our frameworks have the right people on to do the jobs that we do because of the breadth of what we do.

**Andrew Boff AM:** When you say a 'framework', what is a 'framework'?

**Richard de Cani (Managing Director of Planning, TfL):** A framework is a pre-existing list of suppliers whom have already been through our procurement process, if you like, to pre-qualify. If you look back at the audit we are talking about two procurement processes here. The second procurement process, which is the Arup procurement [went through] our framework. We had 13 engineering consultancies with the right kind of

skills and knowledge that could tender for that work. We went straight to that framework and asked all 13 to bid.

When we did the first design exercise - the £60,000 exercise - we did not have a framework with the right suppliers on it. We do now actually because we were going through the process of putting that framework in place at the time. If we were doing this again we would use the framework we have now got. At the time we did not have the right framework.

**Andrew Boff AM:** If you had the opportunity to do it again you would do it differently? You would go to a different list?

**Richard de Cani (Managing Director of Planning, TfL):** If we were starting this project now - with knowledge of what our role was going to be, which has evolved over time - then we would have adopted a different procurement approach. That is not to say that the approach we adopted - in the circumstances in which we adopted it - is a bad one. The audit confirms that. It says it was value for money and appropriate for what we were trying to do.

**Andrew Boff AM:** What it says to me, and please correct me, is that the brief was inadequately specified to you so that you did not take the most appropriate course of action. If - with the benefit of hindsight, which I recognise is a very great benefit - the brief had been clearer you may have taken a different course of action?

**Richard de Cani (Managing Director of Planning, TfL):** The brief for that first procurement is quite specific about what we were looking for. If you look at what we asked for in schedule 3, with the specification, and you look at what we had returned from the three suppliers you can see that some followed the brief quite closely and others less so. We were asking for very specific things in that first procurement; about CVs, relative experience and a statement about the overall approach. We even specified the number of pages. It was quite specific what we were looking for at that stage.

**Andrew Boff AM:** The three people that were there, all of them were in your framework?

**Richard de Cani (Managing Director of Planning, TfL):** We did not have the framework at the time.

**Andrew Boff AM:** You did not have a framework?

**Richard de Cani (Managing Director of Planning, TfL):** No, that is the point. We did not have the framework at the time that we could use. We identified three suppliers whom we knew had the right expertise to do this job. That is not unusual for us if we do not have a framework.

**Andrew Boff AM:** I get that. I am just trying to figure out how you did that, how you made the decision about whom were the most appropriate people to approach.

**Richard de Cani (Managing Director of Planning, TfL):** Given the breadth of what we do it will depend what we are trying to procure. Just to give you a very different example, if we are procuring rolling stock for a railway there will be a limited number of suppliers we would go out to. In this instance we were looking for designers and architects. We were looking for a first phase piece of work.

**Andrew Boff AM:** There are a lot of them around.

**Richard de Cani (Managing Director of Planning, TfL):** There are a lot of them around. It was a first phase piece of work with a relatively low value. We went to three that we knew had the right approach, expertise and knowledge to bid for the work we were asking for. You could argue we should have gone to five or six. We chose three which is an appropriate number for the value that we commissioned the work for.

**Andrew Boff AM:** To a degree I am trying to think inside the head of the person that said, "They will do. They will do. They will do." Bearing in mind one of these people had only designed one bridge before and they were on the list, whereas two others were quite rightly on the list whom had designed loads. How did we end up in a situation where there was such a disparity between the experience of the three bidders?

**Richard de Cani (Managing Director of Planning, TfL):** If you look back at the specification, which is really what we were procuring, that sets out what we wanted to buy at that stage. It talks a great deal about the context. It talks about the South Bank and it talks about London. What we wanted was someone who understood that context and could work with us to help deliver what we were looking for to address those issues. It does not just talk about people that had built bridges. It talks about someone who appreciates and understands the context of the problems we were trying to solve, which is why we went to a range of suppliers with a range of expertise.

**Andrew Boff AM:** I get it if it is a small contract. It is not lost on me. If it is a small contract you do not want to spend more on the procurement process than you do on the value of the contract.

**Richard de Cani (Managing Director of Planning, TfL):** Yes.

**Andrew Boff AM:** I get that. It was how you then got that list together. It sounds to me like there are an awful lot of designers out there who understand the context of London and the context of the river. That is what I am struggling with. How you got this very small list from a very, very big pool of expertise that there is there.

**Richard de Cani (Managing Director of Planning, TfL):** There are two elements to that. One, for the value of work was three the right number or should it have been more? For that value of work getting three bids in - whatever the subject matter is - is appropriate because that gives competition. Did the three that we chose have the right blend between them of skills, knowledge and experience to meet what we wanted in the specification? Yes. That was our judgement and we will stand by that.

**Len Duvall AM (Chair):** Before I bring in other colleagues - many who are champing at the bit to come in - I am going to quote to you what your audit report actually said to put it in context with what you have told this Committee. Just to be fair:

*"The audit did not find any evidence that would suggest that the final recommendation did not provide value for money for the winning bidders."*

Which I think is what you told us. On the second bit I could not quite recognise the process in terms of TfL's position when they entered into this. The internal audit report says,

*"However, TfL's role in the project was unclear from the outset and there was a strong factor of there not being an agreed procurement strategy in place. It is clear that the project would have benefitted from a procurement strategy... Two different procurement approaches were adopted. In both procurements there were some instances where TfL policy and procedure with regard to communication with bidders and tender evaluation were not fully complied with."*

Let us put that in context with what you have told this Committee. We will read that into the minutes and might come back on our final analysis and compare it to what you said to us.

**Valerie Shawcross CBE AM:** Can I go back to the beginning in your opening background statement there, Richard. You talked about the bridge fitting into TfL's Walking Strategy. Was there any kind of analysis done of the pedestrian desire lines and the demand projections for this bridge to be located exactly where it is? Was there some sort of strategic analysis that we can see?

**Richard de Cani (Managing Director of Planning, TfL):** As part of the development of the business case for the bridge, we have done that analysis. Prior to the commencement of the procurement had we done the analysis on that particular desire line? No, but we had identified the need to improve conditions for pedestrians across the whole of central London. One of the challenges that we were facing - which we needed to address - was the growth in people arriving at National Rail stations, how to accommodate those people on the Tube network and how we could get them onto other routes, particularly walking. Waterloo was one of our biggest challenges. We had identified the problem at Waterloo. We had identified the growth in arrivals. We had not identified, for example, in the Transport Strategy a specific desire line at that point. It was a general policy objective to improve conditions for walking in central London.

**Valerie Shawcross CBE AM:** In an area where we are relatively rich in bridges there was an aspiration to put a bridge there, before it was retrospectively justified by an analysis done quite late on in the process from what you have told us?

**Richard de Cani (Managing Director of Planning, TfL):** Yes. For us to commission that first phase of work there was sufficient awareness and understanding of what this could do, in terms of meeting the policy objectives, for us to progress it to that first phase to do some further investigations to see what it would do and would it meet some of those policy objectives.

**Valerie Shawcross CBE AM:** In terms of the rigour of the process of development, there was not an early stage analysis done of pedestrian desire lines and where there was demand for pedestrians to be able to cross the river across the entire central section?

**Richard de Cani (Managing Director of Planning, TfL):** Not at that level of detail. It was a general issue.

**Valerie Shawcross CBE AM:** Not at that stage. Thank you, that is fine.

**Tom Copley AM:** If you could enlighten me on this point, when you were scoring designs you have got relevant design experience and relevant experience. What is the difference between the two?

**Richard de Cani (Managing Director of Planning, TfL):** A simple way to describe it is that relevant experience would be related more to bridges and that sort of infrastructure. Design experience would be more to do with design in the round; appreciation of design issues and design in the wider context. Which is why the scores reflect a lower mark for Heatherwick [Studios] on the bridge than the other two whom clearly had more bridge experience.

**Tom Copley AM:** Why have you only got a marginally lower score for Heatherwick [Studios] therefore when the other two have designed 25 bridges and it has only designed one bridge?

**Richard de Cani (Managing Director of Planning, TfL):** It is not necessarily fair that the quantum of experience is going to be reflected in the difference in the score. Heatherwick [Studios] has designed bridges. It already had an idea for a bridge in this location which we were aware of before we started the procurement. It had knowledge and experience of a particular proposal which got it that score.

**Tom Copley AM:** Is the one bridge it designed already so fantastic it almost outweighs the 25 bridges the other two have designed between them?

**Richard de Cani (Managing Director of Planning, TfL):** If you look at the scoring table, it is three in terms of the rating. Nought is unacceptable, one is poor, two is fair, three is good, four is very good. To score a company which can clearly demonstrate it has got experience in that field – albeit to a lesser degree – less than ‘good’ would be unacceptable.

**Tom Copley AM:** You have not just scored it three, you scored it 3.5. You bumped it up slightly. Again, I find it very, very difficult to believe there was not some sort of favouritism going on here in order to give them that extra little bit.

**Richard de Cani (Managing Director of Planning, TfL):** It was not favouritism. We assessed what we were presented with in terms of the bids and the information they gave back to us to meet our specification. We were fully aware that Heatherwick [Studios] had a proposal on the table for a bridge in this location before we started that procurement. Part of its submission reflected its specific proposal. Some of the other designers did not have a proposal but they had a different level of experience.

**Tom Copley AM:** Of course, the other designers did not know it was going to be a garden bridge either. Only Heatherwick [Studios] knew it was submitting a design specifically for a garden bridge. The other two were told it was for a pedestrian footbridge. Why were the other two kept in the dark about the nature of the design?

**Richard de Cani (Managing Director of Planning, TfL):** If you look back at the tender and what we asked for in the specification, we do not talk about a garden bridge. We talk about a footbridge but something that can contribute more widely to broader London Plan policies about London’s development.

**Tom Copley AM:** You knew the Mayor wanted a garden bridge, did you not?

**Richard de Cani (Managing Director of Planning, TfL):** We were doing the tender. We were evaluating the bids against the requirements we asked for. We were not specifically asking for people who could design a garden bridge. What we wanted was something that could meet requirement 3 in our schedule 3 which is all about meeting London’s future growth, not just from a transport perspective but meeting the wider economic development and regeneration aspirations as well.

**Tom Copley AM:** As Andrew [Boff AM] said, hindsight is a wonderful thing. Looking at that at the time – given you knew the Mayor wanted a garden bridge and you were putting forward a proposal for a footbridge in this location – surely someone must have said, “This gives Heatherwick [Studios] an unfair advantage because it is aware of information that the other designers are not”. That is not fair, is it?

**Richard de Cani (Managing Director of Planning, TfL):** I do not agree it is unfair. If you look back at what we were asking them to provide it is very specific about the requirements. In section 8 of our tender we were asking for a short statement outlining their overall approach to the work. What we were looking for was a company which could really understand what we were trying to address around the future of London and the



South Bank. You look at what came back from Heatherwick [Studios] and the other two and Heatherwick [Studios] - perhaps because it had spent more time on its own looking at the subject - provided us with a much greater level of detail about those issues.

**Tom Copley AM:** Perhaps because they spent time with the Mayor and Joanna Lumley OBE who had made it clear that this was a political thing the Mayor had decided he wanted which he was going to direct TfL to do. This is astonishing that you can say that this is not giving an unfair advantage to a company. Let us not forget this is a company TfL seems to favour. It also got the contract for the design of the New Bus for London. I find it astonishing you do not see this as some sort of favouritism. If I were these other two companies that had spent money putting in bids I would be pretty angry.

**Richard de Cani (Managing Director of Planning, TfL):** If you look at what they provided in terms of that short statement outlining their overall approach to the work, in the other two submissions it was lacking. Their understanding and presentation back to us, to demonstrate to us that they had an appreciation of what we were trying to do, just was not there. What they were selling us was experience in bridges all over the country.

**Tom Copley AM:** Which is what you had asked them for. This is the point.

**Richard de Cani (Managing Director of Planning, TfL):** That was not what we asked them for.

**Tom Copley AM:** You had asked them for this.

**Richard de Cani (Managing Director of Planning, TfL):** If you look back at the specification, it is very clear what we were asking for. We were looking for a bridge but we were also looking for an appreciation and understanding of this whole area and how it is changing. Those two suppliers did not provide that.

**Tom Copley AM:** You say "appreciation and understanding". Heatherwick [Studios] had an appreciation and understanding of what the Mayor wanted. This seems to have been 'crowbarred' in. I find this absolutely astonishing. You were asking three people to design something when you are expecting something else, and one of the companies had been tipped off that it is this extra thing that you actually wanted. I am sorry I should probably stop here. I just cannot believe you can sit there and say this is not advantaging a particular company that TfL, the Mayor or people around the Mayor seem to have a particular affinity for.

**Richard de Cani (Managing Director of Planning, TfL):** If you look at all three submissions - and you look at Wilkinson Eyre and Marks Barfield - and how they responded to what we were asking for, they provided less detail on their understanding of our brief which is why they scored less.

**Caroline Pidgeon MBE AM:** Because they could not read the magic ink!

**Tom Copley AM:** Thank you Caroline: you've found the right words. Because they could not read the magic ink. If you do not tell a company that is what you are looking for in a brief they are not going to provide what you are looking for. This is astonishing.

**Richard de Cani (Managing Director of Planning, TfL):** If you go back to our specification, it is quite clear. This is a general point. This whole issue about bridges in London is not a monopoly that Heatherwick [Studios] has. Lots of designers look at this. There have been competitions in the past. There have been exhibitions on it. It was very clear in our brief to these three designers that we were looking for something that met those kinds of objectives. It was for them to convince us they were the best people to work with us.

Heatherwick [Studios] convinced us it was the best because of what it submitted, possibly because it had spent more time itself doing it off its own back. The other two suppliers did not do that at all. They just talked about, “our experience in bridges in other cities”. What we were looking for was something bespoke to our brief.

**Tom Copley AM:** What is so different about putting a bridge across the Thames in that particular place than putting a bridge across the Thames in another place?

**Richard de Cani (Managing Director of Planning, TfL):** A huge amount of difference. Unless you get the context right and you plan it in the right context it will not work.

**Tom Copley AM:** I will stop it there. Due to the fact that one company you approached had more information than was in the brief that went to the other companies I do not see how this was a fair procurement.

**Navin Shah AM:** From where I am sitting I find the whole process flawed. I will not go as far as calling it corrupt – some people will do so – but there are signs of that here.

How much confidence do you have in the quality of your tender process? When you look at the figures there is 91% difference between the highest and lower bid. It is unusual for any tendering process to throw up such a huge variation. I think the tender itself is flawed and we will put those specific questions later on. When you also look at the information which was publicly available, or not, to the three bidders: could that be why you ended up with such a huge variation in the bids by the three bidders?

Given that you were embarking upon a visionary landmark project, why did you not seek external advice from professional bodies – for example from RIBA or the Royal Town Planning Institute (RTPI) – who could have advised you on possibly drawing up a list of prominent designers or architects and also advised you on a proper tendering process including evaluation?

When you look at the whole exercise it is completely flawed and completely hopeless. This is not the best use of the public purse.

**Richard de Cani (Managing Director of Planning, TfL):** I have to disagree with your statement about the process being flawed. This was a competition with three designers for a first phase of work at a value of £60,000. You have misunderstood the point about price. As I explained, we did not ask for a fixed fee from any of the providers. That did not form part of the evaluation. We asked for day rates. It was the day rates that we used to evaluate the commercial bid. Our tender is very, very clear.

**Navin Shah AM:** There is 91% fluctuation.

**Richard de Cani (Managing Director of Planning, TfL):** No, there is not. That is the fixed fee.

**Navin Shah AM:** There is when you look at the figures.

**Richard de Cani (Managing Director of Planning, TfL):** No. I am sorry, this is a really important point that is just wrong. We said in the tender we will do the commercial evaluation on the day rates of individuals. The variance between the highest and the lowest day rate submission was 4% which is why they all scored the same. You are talking about the fixed fee submissions which we did not ask for and formed no part of the

evaluation whatsoever. All suppliers chose to put a fixed fee in. We did not ask for it and we ignored it. That was information that had no value to us and was not used. It was evaluated purely on day rates and they were practically the same for all three which is why they scored the same. That is a really important point to get across. That has been misunderstood throughout this whole process. Those figures that have been quoted formed no part of this whatsoever.

**Navin Shah AM:** Can you explain, please: TfL certainly has not got any expertise in design.

**Richard de Cani (Managing Director of Planning, TfL):** Yes, we do.

**Navin Shah AM:** Architectural engineering design?

**Richard de Cani (Managing Director of Planning, TfL):** Yes. We procure all sorts of --

**Navin Shah AM:** Should you not have, for a major strategic project like this, an external adviser? For a project of this nature - when you have got major expert designers available nationally and internationally - to limit it to three makes no sense.

**Richard de Cani (Managing Director of Planning, TfL):** I disagree entirely. TfL has a huge amount of in-house experience in terms of commissioning design: whether it is railway stations, line extensions, rolling stock, buses, bridges, cable cars. We have got a wealth of experience. We draw on expert advice where we need it. We have an independent advisory group through the Independent Investment Programme Advisory Group (IIPAG) which advises on key issues. We have that expertise in-house.

This was a £60,000 commission where we went to three proven designers - some of the United Kingdom's (UK's) best designers - to respond to our brief. We did not need anybody like the RTPI or RIBA to advise us. We went to three of the best. I do not think there is any argument that the three we chose are not good quality. The question that has been put is should we have gone to a bigger number than three at that initial stage? For that small amount of work we are satisfied that three was the right number.

**Caroline Pidgeon MBE AM:** I wanted to pick up a few things from the discussion so far. We are talking a lot about the specification. I have been reading the specification. Your reading of it is very different to most of our reading of it. It is quite clear from the audit report we have had that in early 2013, and it must have been between 1 and 8 January,

*"...the [then] Commissioner [for Transport, Sir Peter Hendy] and Managing Director of Planning met with the Mayor following a presentation he had had from Thomas Heatherwick Studio regarding the proposal for a garden bridge. The Mayor stated his desire to TfL to consider whether an innovative and novel design based around a living bridge would be feasible".*

Within that time you have then sought some legal advice on 8 January about the process. So you very quickly got onto it. It is quite clear this was not just, "I want to put a footbridge here". It was, "I want something really creative, innovative and different". That does not feature at all in your specification. It just keeps talking about a new footbridge with high quality design. Nowhere in this does it mention a garden. That is the issue. If it said, "We want to look at ideas of a garden from X to Y" that might have meant it was more of a level playing field. That is the point we are getting at. Why was the desire from the Mayor not reflected in that specification?

**Tom Copley AM:** Exactly.

**Richard de Cani (Managing Director of Planning, TfL):** For the avoidance of doubt I was not the Managing Director of Planning you have referred to, Caroline, at that time so I cannot speak as I was not in that room.

**Caroline Pidgeon MBE AM:** Yes. I appreciate you are representing this today.

**Richard de Cani (Managing Director of Planning, TfL):** What we did is we wrote a specification for a bridge, recognising that we wanted high quality design that responded to the challenges of that area. Yes, we knew there was a proposal for a garden on a bridge. We were open to other ideas that delivered the specification in a different way. What we got back were proposals from the three with a clear winner, with a particular proposition with a garden.

In hindsight, we could have made the specification clearer that we were looking for a bridge with other elements to it that responded differently to the challenges of the local context and public realm etc. At that point we were not specifically looking for a bridge with a garden. It was a high quality design and something that would meet the wider objectives for the area that, clearly, a bridge with a garden does.

**Caroline Pidgeon MBE AM:** I think you have clearly admitted there that, from what the Mayor asked you to do, you were not clear in the brief. I personally do not understand how a garden responds to the challenges in that area or the objectives. That makes no sense to me at all. The objective is you need to get people to cross the river. It is not to meander in a garden. That may be my interpretation.

A very specific question: the tender requirement asked the tenderers to submit CVs, day rates, two-pages of experience and six pages in total. Did each of the three only submit exactly what was requested?

**Richard de Cani (Managing Director of Planning, TfL):** No.

**Caroline Pidgeon MBE AM:** Some people went over and above that. Did you consider beyond the six pages? You know if are asked to write 500 words or something they will cut you off at 500 words. Did you do that?

**Richard de Cani (Managing Director of Planning, TfL):** We did consider beyond that. You have probably got the submissions because they are in the public domain.

**Caroline Pidgeon MBE AM:** I have seen them, yes. I wanted it on record.

**Richard de Cani (Managing Director of Planning, TfL):** When you look at the length of them they are quite different. From memory I believe Wilkinson Eyre had more than two pages in terms of experience with a particular appendix. Marks Barfield similarly.

**Caroline Pidgeon MBE AM:** Despite your very specific instructions, you ignored that as well because everyone sent in more?

**Richard de Cani (Managing Director of Planning, TfL):** We did not enforce that as a penalty for those that provided more. What we were really looking for in those submissions was the ability to assess them against our criteria, in particular their understanding of the brief and how they responded to the specification. When you look at them, two of the submissions we got back did not do that at all. It just provided almost like a printout of previous experience. What we were looking for were designers that said, "We have done this

before and actually we think based on that we should do this here for these reasons and these are our ideas". We did not get that as strongly from Wilkinson Eyre and Marks Barfield as Heatherwick [Studios].

**Caroline Pidgeon MBE AM:** As part of the ITT there was a process for tenderers to submit clarification questions. Were any such questions submitted and did anyone seek clarification on the brief?

**Richard de Cani (Managing Director of Planning, TfL):** I cannot remember that, Caroline. It may be picked up in the audit report.

**Caroline Pidgeon MBE AM:** Perhaps that can be added to our list for written answer

**Richard de Cani (Managing Director of Planning, TfL):** It would not necessarily have come through to me so I cannot remember.

**Caroline Pidgeon MBE AM:** When did it become clear there was confusion over the brief? Did any action then follow up, such as a clarification note to the three bidders?

**Richard de Cani (Managing Director of Planning, TfL):** Normally if there is confusion with a brief you hear about it very quickly from the suppliers and the people bidding for it. Their general motivation is to try to win it so confusion is generally seen as a bad thing for them. They will normally pick up the phone straightaway and say, "What did you mean by that, that and that?" Confusion is normally addressed quite quickly and it is rectified through clarification questions. From memory we did not have that confusion with this first round of procurement.

**Caroline Pidgeon MBE AM:** Yes, everyone thought it was a straightforward footbridge. OK. I have finished my section there. I will come back in a bit.

**Len Duvall AM (Chair):** Before we move on to the next set of questions, is there anything the other guests would like to comment on so far in terms of the line of questioning we have taken or shall we just continue with our questions?

**Walter Menteth (Director, Walter Menteth Architects):** If I could raise one point in particular which needs to be rectified very early on. In making a bid submission the reason there was no confusion amongst those responding is that those who were responding were responding to a specific question in the specification, which is question 7. They were asked to undertake an appraising study which is described in these terms,

*"The initial study will help examine the potential for a footbridge in this area, considering a number of different locations and taking into account a range of constraints in the area. The appointed designer would work with TfL to identify and test broad options and to help identify a potential preferred option that could be considered further."*

That is what people were responding to. There was entire clarity, and it comes across very clearly, in the two bidding responses made by the two unsuccessful tenderers. In reality, the person who did not respond to that question - and therefore should have got the lowest mark - in fact got the highest mark. It proposed a singular specific solution which was not described in that question. It offered the public purse a solution which the public purse had not asked for.

**Len Duvall AM (Chair):** Thank you for that clarity. Will, is there anything you want to say at this moment or shall we continue on with our line of questioning?

**Will Hurst (Deputy Editor, *Architects' Journal*):** Just a note on the total costs that the three bidders submitted. Eventually - through Freedom of Information (FOI) - we at *Architects' Journal* discovered that Heatherwick's bid was far, far above the other two, I believe £173,000. That is the only thing we have got to go on because the day rates themselves have been redacted. In fact, that figure of £173,000 was initially redacted in the reply [to the FOI request]. This was quite an embarrassing figure. When it was subsequently divulged it was described that an error had been made. I found it very suspicious.

**Richard de Cani (Managing Director of Planning, TfL):** It was not used, that is my point. This is a really, really important point of clarification.

**Will Hurst (Deputy Editor, *Architects' Journal*):** Why would you not use it?

**Len Duvall AM (Chair):** It is a very powerful case you are making about the day rates. My colleagues are going to ask some further questions around that. Why would potential candidates submit other figures if they did not think they were important? You might not have used it. I am not sure at what time you chose to exclude or not exclude it in the process.

**Richard de Cani (Managing Director of Planning, TfL):** It is very clear, Chair. From the brief that we put out it was very clear what we were asking for in terms of financial response.

**Len Duvall AM (Chair):** Why did all three submit those global sums that weren't needed? Why did they do that then? If it was very clear why would I, if I am bidding for something, submit that global figure which all three various bid did?

**Richard de Cani (Managing Director of Planning, TfL):** If you are in a competition like that often suppliers will put things forward that you are not asking for to try to present themselves as a more attractive proposition. That happens all the time, which is why we write specifications and why we are very clear about what we are asking for in terms of financial information.

If you look at the contract with Heathwick [Studios] and the value in that, it is very clear it was a £60,000 capped study. The response that the Commissioner wrote back to you, Caroline, was very clear that the variance between the day rates was 4%.

**Len Duvall AM (Chair):** Your £60,000 capped figure only appears after you receive your evaluations, not before. You do not say that in the beginning.

**Richard de Cani (Managing Director of Planning, TfL):** We evaluated it on day rates.

**Len Duvall AM (Chair):** At the start of the process you do not say, "It is up to £60,000". It is after you have had all the information that you decide on a cap.

**Richard de Cani (Managing Director of Planning, TfL):** Another way to think about this, whoever we would have appointed - any of the three - their day rates were the same. We would have capped the value at £60,000 whoever it was because that is what we wanted to do for that first phase.

**Len Duvall AM (Chair):** Where we are coming from is the process you entered into. Was it a fair and transparent process? Was everyone being treated the same? Were we clear in what we were procuring?

**Richard de Cani (Managing Director of Planning, TfL):** I do not think the brief can be any clearer on that, Chair.

**Len Duvall AM (Chair):** We are going to come back to that.

**Navin Shah AM:** Will, you mentioned *Architects' Journal* FOI request. What was the driving force behind your initial FOI?

**Will Hurst (Deputy Editor, *Architects' Journal*):** This was a very interesting project that had been proposed. We had heard quite a lot about lobbying going on behind the scenes prior to this happening. Of course, initially it was not going to involve taxpayer funding or very, very limited taxpayer funding. When we discovered there had actually been a TfL contest at that point - and that was subsequent to the injection of public funding of a very large amount - we wanted to find out the facts. We wanted to find out was this really a fair and open contest, given what we had heard about Joanna Lumley OBE, Thomas Heatherwick and Arup pushing this proposal for a large number of years.

**Navin Shah AM:** Walter, if I can pose questions to you. We have heard the defence from TfL in terms of their tendering process, the figures and so on. From your experience and expertise, how do you rate TfL's tender document for a design contract?

**Walter Menteth (Director, Walter Menteth Architects):** For a design contract it is highly unlikely and unusual. The way this contract has been put is extremely aberrant. In my experience I have never come across anything that is similar. For a major piece of infrastructure, for its exploration and appraisal within a location within a capital city in Europe, I can think of nothing comparable. In the normal case one would be seeking to achieve best value by going to the widest possible competition for the broadest range of creative and inventive ideas that could fully explore all the parameters of the requirements being sought by both the authorities and the public. One would do it as transparently and openly as was possible. We do not see that in this. For that reason it raises a lot of questions which, when once explored them in terms of the evaluation, seem to throw up some odd outputs.

**Navin Shah AM:** I understand RIBA provides, for example, client advisers. If a body or client approached, for example, RIBA for a strategic project of this nature what do you think would be the recommendation in terms of the tendering process evaluation? How could they have done better?

Can you also comment whether a short design exercise is sufficient to find a designer for a project of this significance?

**Walter Menteth (Director, Walter Menteth Architects):** In this specific case, of course, there never was a short design exercise that was in competition between different designers. The question of whether it was appropriate historically is not an issue.

Going forward, however, it is important for democratic accountability that designs should be tested in the public domain. That can be best done by holding design contests, which is one of the procurement routes available to public authorities under the European Directive of the Public Contract Regulations. That is the best, and most transparent, democratically accountable process that is available to those public authorities for high prestige jobs.

The RIBA has an extremely good client advisory service that can advise on how strategically to place the briefs for those contests into the public domain to allow for that form of competition. It can draw in all the resources, advisers and consultants that may be necessary. For large public authorities - like the GLA and TfL - it is quite normal for them to have within their establishments well-oiled machines that can also provide, by the direct employment of people of that calibre, similar things. The question that arises here is why that lack of deployment was actually in place before those decisions were made, and why overall appraising of the need for greater connectivity in central London was not underpinning the briefing in the first place.

**Navin Shah AM:** Will, would you like to comment on this whole issue as well?

**Will Hurst (Deputy Editor, *Architects' Journal*):** I am not a procurement expert but a journalist. I have worked in architectural journalism for more than ten years. I also have never seen a process quite like this. It was particularly at the point I saw the scoring that I became concerned as to how these decisions could have been reached, other than the idea that what was really being tendered for was a garden bridge and - as you have pointed out - that is not what was in the brief.

**Walter Menteth (Director, Walter Menteth Architects):** Could I have a small point in answer? I am not sure how many of you are aware of the context within which the European legislation is applied. Within Britain we actually procure less than 1% of the architectural design commissions in this country through the specific procurement route provided through the design contest procedure. 99% are provided through the other procedures. Our European competitors, however, are tendering up to a third of their architectural design commissions through the design contest procedure. They are achieving, in my opinion, better quality and better value outputs far more successfully.

It is my recommendation to you here at the GLA that you consider changing your procurement standing orders to better embed the design contest procedures into the methods by which you procure architectural design services.

**Will Hurst (Deputy Editor, *Architects' Journal*):** I have another point to make on that. I have spoken to many experts in this area; procurement experts and bridge architects. Nobody that I have spoken to so far thinks this is a regular process. As I say, I have talked to quite a few people. One person - apart from Walter [Menteth] - whom I have been talking to, and is a real procurement expert, is Professor Christopher Bovis [Professor of Business Law, University of Hull]. *Architects'* These are the two experts. One here with is and another one that I have been in correspondence with for a number of months, and particularly over the last day or two since we received this audit review. Professor Christopher Bovis at the University Hull is a professor of business law but he is an expert in OJEU and these sorts of things. He gave evidence to the House of Commons Select Committee in the wake of the Bombardier scandal, if you remember that, about Bombardier not winning that large train contract for Thameslink.

I was very interested to know what he made of this review. He says,

*"My overall comment is that the procurement process for both exercises, for the design concept contract and the technical and planning contract, leave much to be desired. They represent bad practice and in many instances are breaching procurement rules."*

Then he goes through the document step-by-step. There are a number of things he says that are quite strong. For example, in terms of the rates submitted for the three bidders varying significantly and this decision to cap the fixed fee at £60,000 he says,



*“The contracting authority appears to have changed the award criteria after the submission of bids. This is prohibited.”*

In terms of the decision to contact Arup to ask them to review their fees he says,

*“Why did the contracting authority bypass equality of treatment requirements vis-à-vis all candidates at such a crucial point of the tendering procedure. This is a clear breach of EU and UK procurement rules, and in many instances has resulted in legal proceedings against the defaulting contracting authority.”*

He also goes on to say that in terms of the small error in the analysis of Arup’s commercial submission which is talked about in this review,

*“An error is an error and at such a stage and level of the process it should have been noticed before the overall evaluation of tenders. The burden is on the contracting authority to evaluate accurately and precisely the tenders for the principle of legal certainty and legitimate expectation of the participants. This error is clearly a ground for legal action by a person having an interest in obtaining a public contract.”*

Finally, in terms of the manner in which the evaluation process of both procurement bids was undertaken and the not following of TfL procurement policy and procedure in a number of instances, he says,

*“If the procedural integrity of the procurement has been compromised and potentially has allowed for legal challenges against the contracting authority, how has value for money been achieved?”*

**Richard de Cani (Managing Director of Planning, TfL):** Chair, I must protest slightly. Will has admitted he is a journalist. He has just talked through some material, which I have not seen at all, from an academic.

**Len Duvall AM (Chair):** No one is asking you to comment on it. In our pre-meeting this did come up. Not that we had Will’s information, but I raised the point that I thought that your audit report almost certainly left TfL open to the other contractors making a claim for the work that they did on behalf of that contract. In a former life I have been involved in contracts and procurement. I raised that and I was going to ask you a question. I am not going to put you on the spot, we are going to follow up already with some written questions to you along those lines. I understand, but we are not going to put you on the spot around whether this is legally challenged. We will write to you further on that.

This is quite useful information from another expert. No doubt we will exchange a copy of the correspondence.

**Richard de Cani (Managing Director of Planning, TfL):** Which, with the greatest respect, we have not seen. There were various statements that were made there about the lawfulness and robustness --

**Will Hurst (Deputy Editor, *Architects’ Journal*):** I have quoted him before actually --

**Richard de Cani (Managing Director of Planning, TfL):** -- which we would disagree with and would like the opportunity to comment on properly.

**Len Duvall AM (Chair):** We would allow a comment. That is why we will write to you. There are some legitimate issues about starting on one process and ending up with X and Y processes. It does raise some certain questions in terms of this procurement. We will give you a chance, in writing, to respond to this.

Will, do you want to continue, you were in good quote mode.

**Will Hurst (Deputy Editor, *Architects' Journal*):** There is not much more to say on [Professor] Christopher Bovis so just bear with me. I asked him a question you have raised this afternoon, about how unusual is it to have a landmark project like this procured in such a way. I guess this is a conclusion of everything that I have already said. He says,

*"The Garden Bridge is a landmark project of which its design contract was procured in the same way as office supplies."*

**Darren Johnson AM:** One quick question to Richard. Assuming TfL approached this entire process in good faith, did you not find it odd that two of the bidders responded in a fairly generic way looking at various options, and one bidder responded in a completely different way looking at one site-specific option with a very, very specific function as a garden bridge?

**Richard de Cani (Managing Director of Planning, TfL):** When you look at the submissions we received and you look at the criteria we set out, they all responded to different elements of the criteria with a different emphasis on different parts of it. Some focused on their track record of bridges. Some focused on their experience and understanding of the wider context, and some their wider design experience. We looked across all of those things and evaluated them all independently.

If you look at the range of scores, the two that we did not select scored higher in some areas than Heatherwick [Studios] did which scored higher in other areas. We did look at each element of the bid and score them separately based on how they responded. Then the commercial score was, again, dealt with separately based on the day rates that we asked for.

**Darren Johnson AM:** You did not find it at all odd that two of them responded in an entirely different way to the question and actually - as one of the other witnesses said - answered the question directly and the other bidder, Heatherwick [Studios], took it in a completely different way and submitted their garden bridge proposal.

**Richard de Cani (Managing Director of Planning, TfL):** It is not unusual in procurements to have different suppliers give a different emphasis on their interpretation of the brief. It was not particularly odd, no. We scored them based on their particular strengths and weaknesses they presented us with.

**Caroline Pidgeon MBE AM:** Let us try to move slightly further on. I am going to start with Walter. Do you believe that the contract was prejudged on the basis of approaches made by the bridge's promoters prior to the tender process?

**Walter Menteth (Director, Walter Menteth Architects):** Caroline, in answering that in some cases, no doubt, I will be repeating information that some of you already are aware of but others may not be. In essence, the key point to remember - and as all you know - is that public procurement is required to be entirely transparent. The decision process should therefore be logical. In this case - when I came to examine these documents, as others have too - there appeared to be no apparent logic to the assessment evaluations that were consistent with the specification and the briefing given to the bidders.

How would I explain that best to you? On the question of relevant design experience and relevant experience, you have a situation where Wilkinson Eyre actually highlighted 20 bridges as being built and over 100 extra additional bridges were referenced in its report. They are a multi-award winning international practice of enormous repute which is extremely successful. They got three points in terms of the relevant design experience and four for the relevant experience, a total of seven points.

Marks Barfield had 12 bridges highlighted in their submission, five those are actually built. It has 18 projects in total which had specific relevance to London, the context of accessibility, the river and the location. They included the Thames Gateway Bridge, Kew Garden Treetop walk - which is a bridge of types, through a garden believe it or not - and White Horse Bridge at Wembley. It did not know anything about the garden bridge but it has this experience. It is a multi-award winning practice equally of enormously high stature and repute. Of course, it did the London Eye.

You have Heatherwick Studio. Heatherwick Studio, in its submission, submitted only five pieces to evidence both its relevant design experience and relevant experience: an extension to a distillery which is somehow relevant to a bridge in central London; a park project in Abu Dhabi, which may or may not be scheduled for completion in 2018; a bus; a temporary expo pavilion in Shanghai; also a small, short bridge in Paddington which is absolutely fabulous. These are great design works but comparatively it is extremely difficult to see how for that it achieves a weighting of 0.5 more out of the two scores than the others.

Although all three are brilliant designers - and there should be very many more on this list that we are looking at - it remains to me incomprehensible how this decision has arisen.

When I look at the question as well of understanding of the brief, we have to be clear that people have to be marked in an assessment on the question that is presented to them. The question that is presented to them, in essence, is the question at point 7 in the specification; 'examine the potential', 'identify and test broad options', 'help identify our preferred option'. "Help" is the operative here.

Wilkinson Eyre get 2.5 in the weighting on this. It identifies the resources, the methodologies and approaches to developing, appraising, studying and examination. It also included within its submission - unlike either of the other two - engineers. Generally to get across a river you need an engineer. What an intelligent thing to do. It gets the lowest mark.

Then you have Marks Barfield which specifically states in their ITT response that it will help examine the potential, identify and test broad options, help to identify the potential and alignments that could be considered further. It identifies - or has a go at identifying - all the issues to be addressed and the methodologies it would go about deploying to do the work. It also identifies stakeholder consultees, including the public.

In the Heatherwick Studio's understanding of the brief, what it does - in responding to the question that is raised - is posit a single solution, illustrated by a garden bridge. Of course, the method it then presents is how to deliver this specific solution. It is not to appraise the need for the solution, the location of the solution, the possibility of the solution or such. In normal procurement practice where one has been fair and transparent that is the bid that should have received the lowest mark and not what it did receive which is the highest mark.

When one goes onto the financial bids - as with Will [Hurst] - on the information I received the three day rates had been redacted. I notice in the audit report that what we have is a situation where on 26 February an email was submitted to Heatherwick [Studio] which was not transparently declared to the others, requesting which

rates apply to which people. This, of course, affected considerably the value that could be attached in the weighting of the day rate assessments. Why was this a private exchange? Why was it needed? Why was it unclear which day rates were being applied to which people? When I look at the day rate schedule, which is here from the ITT submission, I can understand that a studio principal for Heatherwick Studio would be Thomas Heatherwick; that the project designer would be the project leader; and the architect, who is described within the bid, would be an architect and designer. Therefore what was that email about?

If you read the audit report there is a note which specifies that some of this material is currently missing. I believe it should be sought, recovered and explored further. It is extremely important that effectively the criteria that appears to have been applied to this particular assessment skews it. By skewing it in the way it has the outcome has favoured one of the bidders. That bidder is the only bidder who had made a pre-submission.

**Caroline Pidgeon MBE AM:** That is very helpful, Walter, and I think very, very clear to help us in our analysis of all this.

**Richard de Cani (Managing Director of Planning, TfL):** Can I respond on that last point?

**Caroline Pidgeon MBE AM:** I will come to you in a second, Richard, and you will be able to respond. It seems to me it is quite clear that the specification was not clear enough from the start so that not everyone was starting from the same point. Those that then replied to what they were specifically asked – and not, as I said earlier, reading the magic ink between the lines – actually bid on the basis of what was written. Yet clearly it seems TfL was assessing it from a different point of view and therefore scored things very differently. It had an idea it wanted this bridge to become a destination in itself, a garden and so on and that shaped its thinking.

Do you think that once all the tenders had come back in TfL should have reissued the specification or gone back to all the firms to clarify what it is was seeking?

**Walter Menteth (Director, Walter Menteth Architects):** It is extremely difficult in these sorts of bids. I have to say, from our experience and the research we have done, skews within the system are not uncommon. A lot more needs to be done in this country to resolve these issues fundamentally.

In this specific situation it clearly should have recognised in the financial bids that were made for the total cost that a bid which is 11 times, at the top-end of it, – and just marginally below the OJEU thresholds – and the lowest bid was clearly indicative of a misunderstanding of the brief between parties who were making a submission. If there was such a divergence in that understanding it should possibly have been considered to be re-procured and retendered.

**Caroline Pidgeon MBE AM:** Let us bring Will in now and then I have got a series of questions, Richard, to follow all this up.

**Will Hurst (Deputy Editor, *Architects' Journal*):** On the value for money question – which is the very limited question that the review has looked at and none of the other questions about fairness and scoring – we do know that the actual value of work undertaken by Heatherwick [Studios] cost TfL £52,000. Obviously the cap was £60,000. That is above either of the two bids. The Wilkinson Eyre bid was just below £50,000. Again, even on this limited question of value for money it ended up paying Heatherwick [Studios] more than the other two had said that they would do it for, as a total.

The other thing I wanted to say was to give you a little bit more of an insight into why we have picked up on this because maybe I was not particularly clear earlier. The *Architects' Journal* is the leading weekly in the UK

for architects. As well as championing great design, great infrastructure and great architecture, we obviously champion the needs and interests of our own readership who are professional architects.

Competitions are a massively important thing for architects. The idea that they are fair, open and transparent is absolutely crucial to their interests. This is why we have pursued this. We have been asking the same questions now for nine months. I wrote the first story about this in December last year. We have never had a satisfactory answer back from TfL. As I touched on earlier, we felt their own review following this audit did not actually answer our main allegations at all.

There is a wider public interest. We are very glad that some of the wider media - people like the *Financial Times* (FT), *The Guardian*, *The Observer* and ITV have picked up on this. It is also to do with taxpayers' money and clearly not just the interests of architects.

That is probably as much as I want to say. I just wanted to give you a little bit more of an idea about why we have been so focused on this.

**Caroline Pidgeon MBE AM:** That is helpful, thank you, Will.

If I could bring in Richard now, perhaps you could pick up the issue of the really bizarre, it would appear, scoring that you gave to these bids. Also perhaps first you could pick up this point about this communication with the bidders. What specific issues were raised by staff at TfL Commercial regarding communication with bidders which came out in the audit? Who have they been raised to and why were they not acted upon? It seems very irregular to me.

**Richard de Cani (Managing Director of Planning, TfL):** Can I come to that, just to deal with Walter's [Menteth] comment about the financial evaluation, the day rates and the way it was put about the mysterious communication with Heatherwick? First of all, it would be normal practice out of any tender to redact commercial information from suppliers. It is commercial and competitive, so we do that in any tender. We would not release day rates.

**Will Hurst (Deputy Editor, *Architects' Journal*):** That is not the issue.

**Richard de Cani (Managing Director of Planning, TfL):** People would be horrified if we did, so the redaction is normal practice to protect their commercial position, not ours. When we did the evaluation, again, the fixed fee was irrelevant. We did it on day rates. The way we do that is try to make sure we are comparing like with like. When we are comparing an architect from firm A it is the equivalent architect in firm B we are comparing, so no one has got an unfair advantage.

When you look at the way the different firms describe their staff, they use different terminology. Heatherwick [Studios], for some reason, uses a different kind of terminology to the other practices. The clarification was, "When you talk about someone as" whatever it was, "designer or visualiser, do you mean somebody at that grade?" so we can compare it to the equivalent with the other bids. It was a clarification to make sure we had that consistent level playing field, so it is not at all as Walter is suggesting to you. It was about understanding what they meant in their bids so we could do that fair assessment on the day rates.

Will [Hurst] suggested that the Heatherwick [Studio] total, £52,000, was more than the fixed fee of Wilkinson Eyre. That is clearly comparing apples with pears. As I have said - whoever we would have appointed - we would have done a fixed fee at £60,000 because we wanted to cap the money we were spending, and because we wanted to work closely with the designer. We would have worked with them up to that limit. You cannot

compare a fixed fee from one bid we did not ask for and that was not used with the eventual value of work that Heatherwick [Studio] did. They are just not comparable. I think it is important that point is got across. I am sorry, Caroline, I have forgotten the question you asked me.

**Caroline Pidgeon MBE AM:** I was asking about the specific communication. Staff at TfL Commercial raised concerns about this. Why were they not acted upon?

**Richard de Cani (Managing Director of Planning, TfL):** The recommendation – which is absolutely fair and right, and is for my team to act on – is that when you are dealing with these kind of procurements all of the communication should be through the formal procurement channels. Now, in the case of this procurement – because of speed and ease where it is a simple thing to clarify – there was communication outside of those channels. What the recommendation is from the audit is that should not happen so we put measures in place to make sure that does not happen in the future. It is about who was communicating with the bidders. It was about the ease and speed and to get things clarified quickly so you can do the right evaluation. Clearly it should not have happened and that is something that will not happen in the future.

**Caroline Pidgeon MBE AM:** Were you involved in this evaluation?

**Richard de Cani (Managing Director of Planning, TfL):** Yes.

**Caroline Pidgeon MBE AM:** Would it have been you or one of your team who spoke to or emailed Thomas Heatherwick Studio?

**Richard de Cani (Managing Director of Planning, TfL):** That was me.

**Caroline Pidgeon MBE AM:** That was you?

**Richard de Cani (Managing Director of Planning, TfL):** Yes.

**Caroline Pidgeon MBE AM:** You were the one who made contact with them about this?

**Richard de Cani (Managing Director of Planning, TfL):** I was the one who clarified, “Is that person that rate?” because it was not clear from their submission.

**Caroline Pidgeon MBE AM:** OK. The audit does say that it is inappropriate really and should not have been done.

**Richard de Cani (Managing Director of Planning, TfL):** Yes. That should have been done through the formal procurement channels, yes.

**Caroline Pidgeon MBE AM:** That is one finding that you do agree with.

**Richard de Cani (Managing Director of Planning, TfL):** Absolutely.

**Andrew Boff AM:** Just very specifically; when you go on about assessing the contracts on the basis of day rate, day rates of individuals or day rates of the company?

**Richard de Cani (Managing Director of Planning, TfL):** It is – as Walter [Menteth] describes – by grade. Each company will say, “Director, principal, senior” and they will put different day rates in. What we are

generally trying to do is assess the rate for those people who are doing the majority of the work because that is where you spend the money. When we are assessing firm A and have got “principal” we want to make sure we are comparing it with firm B’s principal and firm C’s principal. As they describe their staff differently that is the thing that we were clarifying.

**Andrew Boff AM:** So the day rate is not the overall amount it is costing you per day for the work being done. You drill down in a granular fashion to the different members of staff that are working on the work?

**Richard de Cani (Managing Director of Planning, TfL):** Yes. I am probably not making myself very clear. For something like this, where people are working with us, we want to cap our exposure financially. That is the reason for the cap, so we will spend no more than £60,000. The majority of the work will be done by a small number of people in each of those firms. It will be done by the associate level rather than the top boss. We want to make sure we have got the right rate for the associate we are comparing from firm A to firm B. It is not always easy to see, from the bids, the way they describe their staff.

**Caroline Pidgeon MBE AM:** Did you want to come in on that point, Walter, specifically?

**Walter Menteth (Director, Walter Menteth Architects):** I would like to highlight for the Committee one of the issues that arises there. If you evaluate a bid on the lowest day rate cost you are incentivising unemployment in this country by people sending their visualisation services abroad. You are also incentivising the lowest cost tender. What that is doing is driving internship within the industry and it is driving a whole range of employment issues that the design profession are having. That is the implications of that former strategy that TfL is adopting.

**Richard de Cani (Managing Director of Planning, TfL):** That is not what we are doing. From our evaluation, 75% of the score was based on the non-commercial element and 25% was on the commercial. If we were doing as Walter suggests we would have 75% on the lowest day rates and 25% on the other aspects. It absolutely is not that so it is a level playing field.

**Caroline Pidgeon MBE AM:** OK. The final thing I wanted to pick up with you is it says here,

*“The technical and commercial evaluations of the three bids were undertaken by the same person.”*

You are saying that was you?

**Richard de Cani (Managing Director of Planning, TfL):** Yes.

**Caroline Pidgeon MBE AM:** That is inconsistent with TfL’s procedures and guidance. That obviously should not have happened and should not happen again.

**Richard de Cani (Managing Director of Planning, TfL):** No.

**Caroline Pidgeon MBE AM:** The supporting documentation could not be located?

**Richard de Cani (Managing Director of Planning, TfL):** For this particular tender, the first tender, the commercial evaluation was a very simple evaluation of simple bits of information on day rates.

**Caroline Pidgeon MBE AM:** OK. Where is all the paperwork, surely it would be saved on your computer system?

**Richard de Cani (Managing Director of Planning, TfL):** The overall scoring of that - which has been made available through FOI - summarises the outcome of that process.

**Caroline Pidgeon MBE AM:** Yes, we have seen that. The supporting documentation behind that seems to have vanished in an office move.

**Richard de Cani (Managing Director of Planning, TfL):** No, that is referring to it. It is a different procurement that section is referring to.

**Caroline Pidgeon MBE AM:** OK. In the design services bit is saying it could not be located,

*"The commercial analysis of the day rates using the evaluation could not be located at the time of the audit".*

Have they come forward since?

**Richard de Cani (Managing Director of Planning, TfL):** No.

**Caroline Pidgeon MBE AM:** Where are they?

**Richard de Cani (Managing Director of Planning, TfL):** The day rates are in the submissions.

**Caroline Pidgeon MBE AM:** Yes, but the commercial analysis that you did, where is that?

**Richard de Cani (Managing Director of Planning, TfL):** The commercial analysis is fed into the summary of the scores which you have seen.

**Caroline Pidgeon MBE AM:** The background, the commercial analysis the auditor could not find, where is it?

**Richard de Cani (Managing Director of Planning, TfL):** There is very little commercial analysis required of day rates. Once you have confirmed which rate applies to what person they are broadly the same. They all get the same score.

**Caroline Pidgeon MBE AM:** Then later on we saw somewhere in here that other documentation had been destroyed.

**Richard de Cani (Managing Director of Planning, TfL):** Not destroyed. That is the second stage procurement. That is the Arup procurement through the engineering framework.

**Caroline Pidgeon MBE AM:** It was not destroyed, so where is the rest of that information?

**Richard de Cani (Managing Director of Planning, TfL):** Just to explain that procurement, this is not the same as the Heatherwick [Studios] contract. This went through our framework. It is to appoint the engineering consultants for phase 2 of the work and this is the contract that Arup were awarded through our framework. We went off our framework and asked 13 suppliers to tender. We interviewed four and we were very clear about the technical and the commercial elements of those. Arup was one of the four. It had the



best technical bid before the interview, and after its interview its technical bid became stronger. It is the handwritten notes from those interviews that is the material that is no longer available two years on.

**Caroline Pidgeon MBE AM:** Where is that?

**Richard de Cani (Managing Director of Planning, TfL):** That was available until quite recently.

**Caroline Pidgeon MBE AM:** Would you not just keep that on record? You must keep procurement stuff.

**Richard de Cani (Managing Director of Planning, TfL):** I accept this entirely. One of the recommendations is about clarity on record-keeping. We had assumed that information was kept with our commercial colleagues and they had assumed we had kept it. They are the handwritten notes of those interviews. The actual analysis of the scores has been kept. It is just the notes of the interviews which are no longer available.

**Caroline Pidgeon MBE AM:** That is helpful clarification. Will is indicating. Is it on that specific point?

**Will Hurst (Deputy Editor, *Architects' Journal*):** I guess so, yes. It was just to point out that there is quite a coincidence here, if you think it is coincidence. Obviously we know this lobbying of the Mayor took place back in 2012. There were then these two separate tender processes which have been described, one for the designer of this concept for the bridge and the other the technical designer or the engineer. Both of them just so happened to come out with the two firms that were already on this team that Joanna Lumley OBE was backing and that the Mayor had been lobbied to back.

**Caroline Pidgeon MBE AM:** That is helpful.

**Richard de Cani (Managing Director of Planning, TfL):** *Architects*<sup>1</sup> do not know. I am not sure Arup were involved early on.

**Will Hurst (Deputy Editor, *Architects' Journal*):** Yes, they were. It is on the record.

**Walter Menteth (Director, Walter Menteth Architects):** Can I just also highlight one other point. We have heard how assessments are made on day rates, but we have it from the auditors that TfL Planning made a direct request by telephone to Arup to reduce their day rates. This was not transparent practice. Was that opportunity given to anyone else?

**Richard de Cani (Managing Director of Planning, TfL):** To explain that point, we invited 13 firms to bid off our framework. Arup was the best technically from that 13 but they were more expensive. We interviewed four, including Arup, and its technical score improved. We came out of the interviews with someone who technically was streets ahead of everybody else but were more expensive. Arup was asked if it would consider reducing its rates and it did. That meant the submission was better value for money.

**Caroline Pidgeon MBE AM:** I have finished my questions. I want to say that you keep stressing that this audit, which only happened because of my letter --

**Richard de Cani (Managing Director of Planning, TfL):** Indeed, yes.

**Caroline Pidgeon MBE AM:** -- with the help of Martin Clarke [Executive Director, Greater London Authority] to get an answer to some of these specific questions. I also wrote to

[Sir] Peter Hendy [former Commissioner of Transport for London]. It happened because of that. It may say it did not find any evidence that would suggest the final recommendations did not provide value for money but it also did not find any evidence that said it does provide value for money. This really should have been looking at whether the selection fair. This report does not address that and our questioning today is looking at that. Thank you.

**Richard de Cani (Managing Director of Planning, TfL):** I am sorry, Caroline, I think it says on page 1 of the executive summary,

*“The audit identified no issues in either procurement with regard to the selection of bidders.”*

**Caroline Pidgeon MBE AM:** You are saying it is about value for money.

**Will Hurst (Deputy Editor, *Architects’ Journal*):** It does not evidence that. I am just reading from the -- It is just one point that is not proven.

**Tom Copley AM:** Caroline asked something, Richard, that I do not think you answered and you might have missed it. It was just to respond to what Walter [Menteth] had said about the reasoning behind the various scores, and particularly in terms of design experience. A vast amount of experience had been put into the first two bids and very little for the Heatherwick [Studios] bid. I am interested to know the rationale behind the scoring on that.

**Richard de Cani (Managing Director of Planning, TfL):** Yes, apologies. The scores Walter [Menteth] is referring to were the difference between 7 and 7.5 so, clearly, from the evaluation of experience they were very close. Heatherwick [Studio] scored slightly higher because the information it presented in its submission about its design experience and its experience of the bridge better met our brief. That was our judgement that led to that scoring.

**Tom Copley AM:** As Walter [Menteth] said, Heatherwick [Studios] put in five things, including an extension to a brewery, which seemed to be utterly irrelevant to a bridge. The other two companies put in a vast amount of experience related to bridges and yet on the first one, “Relevant design experience” you have actually scored Heatherwick [Studios] higher and the other one only marginally lower. I still find this very strange.

**Richard de Cani (Managing Director of Planning, TfL):** I explained one of those is broader design and one is specific to bridges where Heatherwick [Studios] did score lower. When you look at our specification and what we asked for, we were quite specific about what we were looking for in terms of evidence from those bidders.

**Tom Copley AM:** Do you make notes when you are scoring? Are notes made during the scoring?

**Richard de Cani (Managing Director of Planning, TfL):** If necessary and if they are long submissions, yes.

**Tom Copley AM:** Do you have those notes, are they available?

**Richard de Cani (Managing Director of Planning, TfL):** Not from this, no.

**Tom Copley AM:** It would be useful if we could get hold of any notes that were made during the scoring process.

**Will Hurst (Deputy Editor, *Architects' Journal*):** Yes, I was interested in what you said about the design criteria. Maybe the Committee would like to raise this, but why did Heatherwick [Studio] score higher on design than the other two? I think we are all agreed that these are three great firms of designers. However, Wilkinson Eyre have won the Stirling Prize twice, the UK's premier architecture award. I find it quite hard to understand why all of a sudden Heatherwick [Studio] would get scored higher, even though they are great designers.

**Richard de Cani (Managing Director of Planning, TfL):** Clearly they are all great designers and the scores were close in that respect. We made a judgment that Heatherwick [Studio], based on the information they presented us with in their bid - and their experience around broader design issues, whether it is to do with things they have done directly for us or elsewhere in London - got a higher score.

**Tom Copley AM:** [For] relevant design experience, which is bridges: you have scored them slightly lower but you said only slightly lower because they had come up with things that were specific to the context of that area of London. Let us just go with that for a moment. Relevant design experience overall, I cannot understand why you scored them a whole point higher than the other two given the information that we have heard about the other two companies.

**Richard de Cani (Managing Director of Planning, TfL):** That was our judgement based on what we were presented with. They have clearly all got great experience, but what we were presented with by Heatherwick [Studio] - in terms of their experience as world-class designers doing work for us on other projects and also elsewhere in London - gave them a higher score.

**Tom Copley AM:** Who scores it? Is it one person that makes the score? Was it you that scored it?

**Richard de Cani (Managing Director of Planning, TfL):** Yes.

**Tom Copley AM:** It would be good if we could get hold of any notes that you made during the scoring. Is this audited? Does anyone within TfL audit the decision that you made?

**Richard de Cani (Managing Director of Planning, TfL):** It has just been audited.

**Tom Copley AM:** No, I do not mean that sort of audit. Does someone in TfL review your decision?

**Richard de Cani (Managing Director of Planning, TfL):** I was asked to do a job by the Managing Director of Planning. I did the job she asked me to do and she endorsed my recommendation. Ultimately, the decision was made by her based on my recommendation that this is what we were going to go with.

**Tom Copley AM:** Finally - before I move on to my question about the audit itself - on understanding of the brief. Clearly Heatherwick [Studio] did not understand the brief that had been given - besides the fact they had read the magic ink - given paragraph 7 that Walter [Menteth] read out asking for the potential, considering a number of different locations and presenting a very broad picture. It did not do that so why did it get the highest score?

**Richard de Cani (Managing Director of Planning, TfL):** No, I disagree. It did do that. What we were looking for in that specification - providing the context in 3 and 4 - was an appreciation of how it could use its experience and apply it to the particular location we were looking at. It did that very clearly and the other bidders did not do it as well.

**Tom Copley AM:** It provided one option, not a broad range of options. It provided one option which was not what was specified in the brief.

**Richard de Cani (Managing Director of Planning, TfL):** Which related quite specifically to what we were looking at in that specification around South Bank.

**Walter Menteth (Director, Walter Menteth Architects):** Can I make a very broad point? The audit report, to my way of thinking, addresses only one of the evaluation criteria that this assessment really was based on, which is the commercial criteria. I see very little in the auditor's report which actually addresses the technical criteria at all and the questions that you - and we equally - have raised and feel are a concern. There is a shortfall in the audit in not sufficiently addressing those specific issues, which comprise 75% of the score.

**Tom Copley AM:** I am going to come on to the audit report now. Richard, the question I have is: given that TfL has stated the process was robust and fair in March, why did [Sir] Peter Hendy then order a review into the procurement process in July?

**Richard de Cani (Managing Director of Planning, TfL):** Given the level of interest in this and questions that have been asked, including from Assembly Members, the Commissioner wanted to take a step back and satisfy himself that the process was robust, which is what this audit report says. You can see the level of detail that this audit has gone into. It has been quite a forensic audit in terms of the issues that it has looked at. There has been no aspect of the procurement process that it has not considered.

**Tom Copley AM:** You were absolutely convinced in March that the process was robust and fair.

**Richard de Cani (Managing Director of Planning, TfL):** The question you are asking is really a question for the Commissioner. He chose to do that - given the level of interest in this - to satisfy himself that the process was robust. The report that has come out says it is.

**Tom Copley AM:** I disagree on that, actually. It only talks about value for money, does it not? It does not talk about the procedures.

**Andrew Boff AM:** It highlights shortfalls, the audit report.

**Walter Menteth (Director, Walter Menteth Architects):** Best value is different from value for money. Best value is a balance between quality and cost. Value for money is entirely different. That is to do with cost only.

**Len Duvall AM (Chair):** Richard, on this side of the table we are reading the same audit report. Even though we might have a view, there are some very strong recommendations and shortfalls in this process that somehow you do not seem to be acknowledging.

**Richard de Cani (Managing Director of Planning, TfL):** No. I absolutely acknowledge there are very specific management issues here that need to be addressed about the details of how we carry out procurements in the future. The overarching summary of this - and it is just written down in front of me - is,

*"The audit did not find any evidence this would suggest the final recommendations did not provide value for money. The audit identified no issues in either procurement with regard to the selection of bidders, the development of the tender, the procedure used when awarding the contracts or the procedures used by TfL to manage the project."*

It is quite specific on those points.

**Tom Copley AM:** The procedure used is the crucial thing and that is what we have been going through today. It might well be that value for money was obtained. That does not mean that one of the bidders – and it looks like they were – was advantaged, whether intentionally or otherwise, during the process. That is the crucial issue. It could still be value for money. The point is was the process by which it was chosen fair and transparent. Clearly it was not.

**Richard de Cani (Managing Director of Planning, TfL):** If you feel that this audit is not answering the questions --

**Len Duvall AM (Chair):** It does answer the questions. It is very clear about some of those issues and it does point to some of the problems that were earlier raised about some of its findings. I am surprised, even based on the audit findings, why other bidders have not challenged it. It can only be because they have taken a commercial judgment not to challenge the outcome of this because they want future work out of you. That is my conclusion of this because I think they have got a bit of a case against TfL. We will test that further and allow you to consider that.

**Richard de Cani (Managing Director of Planning, TfL):** Of course.

**Len Duvall AM (Chair):** It is quite clear. The audit is quite damning --

**Valerie Shawcross CBE AM:** Yes. It is, if you read it.

**Len Duvall AM (Chair):** -- about some of the processes and procedures and the lack of strategy that you followed from the beginning of the procurement process. It is there. It says it in your own report. It is not my words.

**Richard de Cani (Managing Director of Planning, TfL):** If I may, in hindsight, if we were starting from scratch now we would adopt a different procurement approach to this, without doubt. The audit is very clear on that. This is an unusual project. It has evolved over time and our role in it has evolved over time and in response to a number of Mayoral Directions. Clearly, knowing all that now, we would have done something different in terms of procurement. I absolutely agree with you on that point. It also identifies some very specific management actions that we need to do and which we will adopt. However, it also says that it identified no issues in key areas.

**Tom Copley AM:** Given what we have heard though – and given Members here are very seriously concerned and members of the public have a great interest in it – could you rerun the process under new procurement procedures in light of what has happened?

**Richard de Cani (Managing Director of Planning, TfL):** No. First, we do not need to because this is not what this report is saying. Also the project has moved on. This report identifies no issues in relation to those areas. The issues it has identified are to do with the evolution of the project, which we cannot change, and some very specific management issues, which we will change.

There is a broader point about whether you think the bridge is a good idea or not and whether it is the right thing to do. That is separate to the procurement questions we are asking here. So in response to your point, no, we do not need to rerun the process. That would not be a good use of money and it would not be an

appropriate thing to do at this stage. However, we will take on board the management actions in this and we would do things differently next time.

**Len Duvall AM (Chair):** Can I just be very clear that we may have views around this – and I suspect there are different views around this proposal – but we are looking at the procurement issues and the evidence that has been presented to us --

**Caroline Pidgeon MBE AM:** Yes, that is what we are looking at today.

**Len Duvall AM (Chair):** -- and in terms of your responses. That is how we will judge this part of the scrutiny.

**Valerie Shawcross CBE AM:** Yes. Sorry, just a quick intervention as – like my colleagues – this report reads incredibly negatively. Regardless of what overall procurement strategy and framework you might adopt, it is also the issue of behaviours. Maybe your use of the word “management” is what we are referring to here. For example, this point that was made about going back to Arup about their costs,

*“The gap between Arup’s technical score and those of the other bidders increased further following the interview stage”.*

– that is what you said –

*“None of the other bidders were given the opportunity to revise their submissions and there was no best and final offer stage included in the procurement and this would have been best practice to have done this.”*

Clearly there is an issue about behaviour. The way that reads to a layperson is not just was there no clear framework, overarching strategy or equality of information and tender process provided, but there were specific interventions and tinkering during the process to ensure that a desired outcome happened. That is how it feels when you read this report.

There is a question in my mind that says basically, politically, if the Mayor had decided what he wanted was a garden bridge there, designed and delivered by those particular people, would a more transparent route not have been for him simply to use his enormous powers of direction to have delivered that? While we might feel – personally I would feel – that would be a very foolish and unfair thing to do it certainly would be a transparent process. It would not be open to legal challenge and it would feel more like the Mayor was not compromising other procurement processes by introducing behaviours which are not generally regarded as healthy.

**Richard de Cani (Managing Director of Planning, TfL):** Can I just come back before I answer the last part on the Arup point. Clearly the audit has identified something we should do differently next time there. The context of that is 13 people submitted bids to that and four were interviewed. One was technically the best. It had its position as the best technically improve after the interview. The approach to Arup was, “You are too expensive, but you are the best”. The response from them was to reduce their rates in response to a request whether they would consider reducing their rates. That actually led to an outcome that was better value for money.

Clearly what this is saying is that should have gone back to all bidders. The rationale at the time was Arup was so far ahead of the others in terms of its technical submission that no matter what the other bidders did they would not improve on their technical position.

**Valerie Shawcross CBE AM:** They were not given an opportunity to.

**Navin Shah AM:** But this was not a level playing field, was it?

**Richard de Cani (Managing Director of Planning, TfL):** It was a level playing field.

**Navin Shah AM:** No. How can it be?

**Richard de Cani (Managing Director of Planning, TfL):** It was a level playing field. It was about the behaviours at the time of how we approached Arup - which we would do differently next time - but it was a level playing field.

Sorry, Val, the point you made about Mayoral directions. Clearly there are three Mayoral directions for this project that we are operating under as TfL. We did do an initial procurement to develop the design. In hindsight - knowing what we know now about how this project has evolved - as I have said, we would have done a different procurement strategy. I do not quite know what that procurement strategy would be but it would not have been the way we have done this. Our role has grown incrementally due to TfL's involvement in response to a number of factors.

**Valerie Shawcross CBE AM:** The Mayor did do, basically, informal discussion briefings with Heatherwick [Studios], did he not?

**Richard de Cani (Managing Director of Planning, TfL):** It is clear from the information that you have got that the idea of a garden bridge had been around for some time, yes. It is information that you have seen that shows the Mayor was aware of that.

**Valerie Shawcross CBE AM:** During the process were the other two bidders offered any informal pre-application --

**Richard de Cani (Managing Director of Planning, TfL):** It is not a question for me.

**Tom Copley AM:** Going back to the audit report, given the huge public interest in this, why was this an internal review and not an external review?

**Richard de Cani (Managing Director of Planning, TfL):** We have an internal audit team at TfL, quite a large specialised internal audit team that does all of our audit work. The Commissioner was satisfied that they had the right skills, independence and separation to do that work fairly. It is clear when you look at this as to the points that have been raised. They have done a very thorough audit and identified a number of issues that need to change. I do not think that you could suggest from this that the audit has somehow been skewed towards a positive outcome: it has not. It has been a very thorough audit. It has identified some things that should have been done differently and it has looked at all aspects of the procurement processes. From someone who was not part of that audit, but being audited, it has been a very thorough process. You would have had a more thorough process if it was done any differently.

**Tom Copley AM:** There is a general perception that if a review is done externally it is more likely to be fair and also, as Val [Shawcross CBE AM] said, is seen to be fair.

**Richard de Cani (Managing Director of Planning, TfL):** We have an established process of doing audit work and assurance that feeds through to our [TfL] Board. This is just part of that business as usual. It is very independent and it gets to the level of detail that you can see here.

**Tom Copley AM:** Do you ever do an external audit? Do you have an organisation that will audit things externally?

**Richard de Cani (Managing Director of Planning, TfL):** I am not aware of any external audit that has been involved but it is possible there could have been.

**Walter Menteth (Director, Walter Menteth Architects):** Can I just raise a concern that arises here. I have not seen the tender submissions for the technical work but it strikes me that Arup - who was part of the Garden Bridge team prior to making its submission - appear to have had the best technical submission. Was it because the technical submission was in any way assessed according to its response to a design which was for a garden bridge on information that was not available to the other bidders? Unfortunately, I have not seen that. However, from what I am hearing beside me, it seems to me it was were so far away from all the other competent engineers around and so far ahead in the technical assessment - I know it is extremely good engineers - that it seems again somewhat aberrant for normal bidding practice.

**Tom Copley AM:** In the same way that the designers were not aware it was a garden bridge, the other companies bidding in the technical procurement were not aware that it was a garden bridge?

**Walter Menteth (Director, Walter Menteth Architects):** I am not saying that. What I am hearing is that one of the bids was far in excess in technical capacity than all the other bids from 13 people. The question I would ask therefore is was there different information made accessible to those people who were bidding, was it based on a specific design and was it therefore not transparent?

**Tom Copley AM:** Richard, would you like to come back on that?

**Richard de Cani (Managing Director of Planning, TfL):** Yes. We have focused a lot this afternoon on the first tender. The second tender was a different specification on a different brief. That is available in the public domain and has been for some months and released under FOI. That was very specific about the proposition. It contained a lot of detailed information about the Garden Bridge. It was a very clear level playing field. All of those suppliers had the same information about the project. We just have to be a little careful that we do need to recognise that we are dealing with some very, very good quality specialists and designers here. You would expect to get good bids from some of these firms and I am sure they would confirm that if they were here. All of that information was consistent for all 13 who went for that and that was done through our e-procurement portal as part of our normal business. That information is available, if people have not seen it, on our website.

**Will Hurst (Deputy Editor, *Architects' Journal*):** Yes. Actually, I wanted to make a point going back to the Heatherwick [Studio] contest. It seems to me that there is a conflict between the aims of a pedestrian bridge - which is what was set out in the brief, in the invitation to tender - and the aims of a garden bridge. We know - because we have not just focused on the procurement of this project and we have also looked at the Garden Bridge in all kinds of other ways - that the proposal is that it is closed at night, for example, it may become overcrowded and that groups of eight or more cannot cross the bridge without prior permission. All of those things seem to conflict with the brief that was sent to these three firms in terms of a great pedestrian



access bridge that would relieve Waterloo and other congested parts of the capital. My question is how did Heatherwick [Studio] therefore come out as technically the best if it directly contradicted that brief?

**Tom Copley AM:** This is one of the questions that we have been trying to shed some light on. It seems to me that Heatherwick [Studio] have had an inferior brief on almost all of the design criteria and yet have been scored higher. Perhaps Richard wants to come back on those points that you just made.

**Richard de Cani (Managing Director of Planning, TfL):** Will has introduced some broader points there about the public benefit of this proposal. This came up at a discussion in 2014 with the Assembly Budget and Performance Committee. Quite rightly there were some very serious points raised about public benefit, how we secure public benefit in this bridge through our contribution, and the public benefit that is derived from the public accessibility to and from it. In response to that – and again the information has been available for a number of months – you can see from the funding agreement with the [Garden Bridge] Trust that the money that we are contributing alongside the Government is conditional on certain conditions being met relating to public access which deliver the benefits in the business case.

Some of what Will said is not quite true. Yes, the opening hours for the bridge are from 6.00am to midnight. It is the local authorities, Lambeth and Westminster, that have insisted on that. That is where most of the demand is and you do not get many trains in and out of Waterloo outside of those hours. Also, it is a public park and space and you need to protect the amenity at night. The hours are defined by the local planning authority. From our perspective and the business case that we produced, that the [HM] Treasury authorised, that delivers the public benefit that we are looking for, being open between those hours.

The other issue about eight people is wrong. There is no requirement at all for any groups of eight or more to book. It is about bylaws for the bridge and how that will be enforced, the ability to deal with crowd management and demonstrations – which any authority managing a public space would have in their suite of bylaws and rules – because if you cannot you cannot manage a public space effectively. There is no requirement under normal circumstances for large groups to book to use this bridge. That is just wrong. The funding agreement does safeguard, we believe, the public benefit that we are seeking to acquire through the contribution we are making. That is reflected in the funding agreement, which follows the points that you made at your earlier committee last year.

**Tom Copley AM:** It does seem like common sense, does it not, that there is a clash between a pedestrian bridge and a visitor attraction on the Thames? This is straying into the question of whether TfL or perhaps one of the Mayor's other agencies should be paying for it.

However, we need to focus specifically on the issue we are looking at with the design procurement rather than a general debate about the bridge.

**Darren Johnson AM:** To Richard, how confident are you that the bridge will be built?

**Richard de Cani (Managing Director of Planning, TfL):** There are a number of elements to that. The bridge has planning permission. The funding that we are providing alongside the Government is to be matched by funding that has got to be raised from the private sector. There is a funding question that is close to being satisfied but not fully satisfied yet. There is a requirement for the Trust to raise some more money. The planning conditions have largely been addressed, in accordance with the planning permission. Based on where we are at the moment in terms of the fundraising work the Trust is doing and the contribution we and the Government are giving, I am quite confident this bridge will be built, yes.

**Darren Johnson AM:** When do you expect the Garden Bridge Trust to have secured the £175 million that their contribution is?

**Richard de Cani (Managing Director of Planning, TfL):** The actual cost – to briefly explain – of building it in terms of the construction element is around £100 million. The remainder of that cost is a combination of other things to do with risk, Value Added Tax (VAT) which is around £20 million, land and all the kind of fees you incur in progressing a project. The actual construction is around £100 million. It publishes its accounts. It is a registered charity. You can access its information. I understand it is around £127 million at the moment with a lot of fundraising underway, so clearly some way to go. However, we are confident – as supporters and part-funders – that it will raise the money to complete that and to commit to the construction.

**Darren Johnson AM:** What will happen if the Trust does not secure the £175 million?

**Richard de Cani (Managing Director of Planning, TfL):** In the funding agreement that we have in place with [the Trust], the money that we would contribute towards the construction contract is conditional on it demonstrating to us that it has got sufficient money to build and deliver the bridge, alongside all the maintenance obligations. If it does not raise all the money it needs to satisfy those conditions then they do not draw down on the money from TfL and the Government.

**Darren Johnson AM:** If in a few months' time the next mayor comes along and says he does not want to see TfL funding going into this that is the end of it, is it not?

**Richard de Cani (Managing Director of Planning, TfL):** It is clearly a matter for a future mayor. However, we do have a legal funding agreement with the Garden Bridge Trust – which is publicly available and has been on our website since July – which sets out the conditions. We do have a binding legal contract with them which sets out the conditions within which it can secure the funding from us. Clearly that commitment is there. If they meet those conditions, which it expects to do so, it will have started construction of this bridge by Easter next year.

**Valerie Shawcross CBE AM:** Just a quick issue/question relating to viability of the project. I understood Lambeth had, under public pressure in opposition to the bridge, declared the green land that this is going to take up on the south side an asset of community value.

**Richard de Cani (Managing Director of Planning, TfL):** Yes, that is correct.

**Valerie Shawcross CBE AM:** There will be therefore public intervention, trying to prevent the land being released for this project. What stage is that at then?

**Richard de Cani (Managing Director of Planning, TfL):** What that does is the land has been designated an asset of community value. That designation means before Lambeth do any disposals of it to a commercial partner they need to allow the community to put their own bid forward. As it happens, the disposal is not to a commercial partner, it is to a charity so that means it is outside the rules as Coin Street and the Garden Bridge Trust are both charities.

**Valerie Shawcross CBE AM:** That is shocking.

**Richard de Cani (Managing Director of Planning, TfL):** The land at the moment is on a long lease from Lambeth to Coin Street --

**Valerie Shawcross CBE AM:** Yes, I know.

**Richard de Cani (Managing Director of Planning, TfL):** -- Coin Street have the right to use that space for a range of activities. That will change from that to a building. Lambeth have given planning permission for a building on that space anyway.

**Caroline Pidgeon MBE AM:** A final question. TfL has spent £9 million on this project so far. Are you hoping to get that money back from the Garden Bridge Trust or are you just writing that off?

**Richard de Cani (Managing Director of Planning, TfL):** That is part of our contribution to the project.

**Caroline Pidgeon MBE AM:** That is part of the £30 million?

**Richard de Cani (Managing Director of Planning, TfL):** Yes.

**Caroline Pidgeon MBE AM:** OK.

**Richard de Cani (Managing Director of Planning, TfL):** If you look at the funding agreement it is clear that the money has been paid in chunks. Part of our funding is upfront funding towards development costs.

**Caroline Pidgeon MBE AM:** So the development work, your time you have been charging to this project effectively, is coming off the £30 million. The public contribution in some ways is reduced. We just heard £20 million VAT goes back to the Treasury. George Osborne [Chancellor of the Exchequer] puts in £30 million and gets £20 million back in VAT and you are putting in --

**Richard de Cani (Managing Director of Planning, TfL):** Yes, at least £20 million.

**Caroline Pidgeon MBE AM:** -- £20 million actual cash, by the sound of it.

**Richard de Cani (Managing Director of Planning, TfL):** For the construction, yes. If you have a look at the funding agreement it has got a schedule at the back --

**Caroline Pidgeon MBE AM:** That is interesting. I had not twigged that.

**Richard de Cani (Managing Director of Planning, TfL):** -- that sets it out. You could see the Government's contribution as compensating for VAT.

**Caroline Pidgeon MBE AM:** OK, thank you.

**Len Duvall AM (Chair):** The Government's contribution, let us say it is £10 million, when does that come into TfL's coffers?

**Richard de Cani (Managing Director of Planning, TfL):** We received the Department for Transport (DfT) funding some time ago.

**Len Duvall AM (Chair):** You have?

**Richard de Cani (Managing Director of Planning, TfL):** The funding agreement that we have entered into - through agreement with DfT - is on the public sector's behalf. We have a separate funding agreement

with DfT that has passed the money to us. Then we are releasing that to the Trust in accordance with the conditions they need to meet.

**Len Duvall AM (Chair):** I was going to give you an opportunity just to say if there is anything you think we have missed in terms of some of the questions that we have raised today or any final comments that you wish to make.

Will, if we start with you first, is there anything you want to say, a final summing up, or that you think that you have not had the opportunity to tell us about?

**Will Hurst (Deputy Editor, *Architects' Journal*):** No, thanks.

**Walter Menteth (Director, Walter Menteth Architects):** I would just want to add that there is a need to review procurement standing orders amongst the GLA to make sure that such events do not happen again. In doing so I would certainly recommend you consider embedding design contests into that process.

Also I would like to say how much all three of the design bidders, in my view, are excellent designers in all respects. However, in each procurement the briefing has to be correct and consistent, transparent. Assessments have to be made on that basis.

**Richard de Cani (Managing Director of Planning, TfL):** I would like to say that, looking back, if we knew how this project was going to develop we would have adopted a different procurement approach and done things differently. There are clearly lessons from this that we will learn for future projects which have been challenging, but valuable. That does not say that what we have done today is not robust and we will defend what we have done. In accordance with the audit report it is robust and represents value for money. We are satisfied with that. There are lessons that we have learnt and things that we would do differently next time, without a doubt.

**Len Duvall AM (Chair):** What happens next? We are going to go away and consider what you have said to us. I am going to ask the Secretariat to contact every Member of this Committee and ask them for any additional questions. We will come back to you on the legal issue. We would very much like to see in writing the expert that you quoted, Will [Hurst], during this session. There are some issues around the Arup process that we would like to follow up and have some further information on but that is not exclusive. There may well be some further issues arising from Members.

Of course, once we walk away from here, there may well be some other things that you think, "Hold on, that has come up. You really ought to know that". Please contact our Secretariat and do a written submission for us if, once we walk away from the Chamber that you think, "Oh, I wish I had said that".

Thank you very much for the way that you have engaged with us this afternoon. It has been long and I am very grateful for the way that you have participated.

# Subject: Summary List of Actions

**Report to: GLA Oversight Committee**

**Report of: Executive Director of Secretariat**

**Date: 22 October 2015**

**This report will be considered in public**

## 1. Summary

- 1.1 This report updates the Committee on the progress made on actions arising from previous meetings of the GLA Oversight Committee.

## 2. Recommendation

- 2.1 **That the Committee notes the completed and outstanding actions arising from previous meetings of the Committee, as listed below.**

### Actions Arising from the Meeting Held on 17 September 2015

Item	Topic	Action	Action By
<b>8</b>	<p><b>The Garden Bridge Design Procurement</b></p> <p>During the course of the conversation, the Committee requested the following additional information:</p> <ul style="list-style-type: none"> <li>Confirmation on whether, as part of the invitation to tender, there was a process for the submission of clarification questions, and if any such questions seeking clarification on the brief were submitted during the process;</li> <li>Full details of the comments about the procurement exercise for the Garden Bridge design attributed to Professor Christopher Bovis during the</li> </ul>	In progress.	Managing Director of Planning, Transport for London.

City Hall, The Queen's Walk, London SE1 2AA

Enquiries: 020 7983 4100 minicom: 020 7983 4458 [www.london.gov.uk](http://www.london.gov.uk)

Item	Topic	Action	Action By
	meeting, and a written response from TfL to the comments made.		
<b>13(a)</b>	<p><b>Consultation on Joint Working Between Emergency Services</b></p> <p>Authority was delegated to the Chair of the GLA Oversight Committee, in consultation with the Deputy Chairman and party Group Leaders, to agree the Committee's response to the Government consultation on proposals to increase joint working between emergency services.</p>	In progress.	Chair of the GLA Oversight Committee

### **Actions Arising from the Meeting Held on 9 July 2015**

Item	Topic	Action	Action By
<b>3</b>	<p><b>Transport for London Board Governance</b></p> <p>It was requested that:</p> <ul style="list-style-type: none"> <li>• Assembly Members be allowed access to the Commercial Development Advisory Group, as appropriate; and</li> <li>• Clarification on whether the proposed setting up of joint ventures in the form of limited liability partnerships would be less transparent and expose TfL to more speculative risks.</li> </ul>	Response attached as <b>Appendix 1</b> .	Director of Commercial Development, Transport for London

## Actions Arising from the Meeting Held on 24 February 2015

Item	Topic	Action	Action By
<b>6</b>	<b>Consultation on Shared Committee Services with the Old Oak and Park Royal Development Corporation</b>  As part of its annual review of GLA shared services, the Committee receives an update on the proposed arrangements, with particular reference to financial costs and potential conflicts of interest.	To be dealt with at the Committee meeting in December 2015.	Committee Officer

## Actions Arising from the Meeting Held on 27 January 2015

Item	Topic	Action	Action By
<b>8</b>	<b>Consultation on Pan-GLA Group Collaborative Procurement Function</b>  The Committee requested an update in 2015/16 addressing the issues raised during the meeting: <ul style="list-style-type: none"> <li>• Named individuals in each organisation to be held to account;</li> <li>• Clearly set out milestones showing what would be achieved in the first two years;</li> <li>• More ambitious, but achievable targets for savings over a reasonable timescale, with clarity about what savings were being made;</li> <li>• The planned approach to ethical and fair trade procurement; and</li> <li>• A focus on ensuring that TfL's approach to efficiency would be closely monitored.</li> </ul>	To be dealt with at the Committee meeting in December 2015.	Executive Director of Resources

## **Actions Arising from the Meeting Held on 11 December 2014**

Item	Topic	Action	Action By
<b>10</b>	<b>State of London Debate</b>  The Committee to review at a future meeting the format of the State of London Debate with a view to assisting the next Mayoral administration.	To be dealt with at the Committee meeting in December 2015.	Committee Officer

## **Actions Arising from the Meeting Held on 11 September 2014**

Item	Topic	Action	Action By
<b>6</b>	<b>Shared Services: Consultation on Shared Treasury Management Functions</b>  It was agreed that the GLA Oversight Committee reviews the shared treasury management arrangement between the GLA and the London Pensions Fund Authority after a year of operation.	To be dealt with at the Committee meeting in February 2016.	Committee Officer

## **Actions Arising from the Meeting Held on 25 June 2014**

Item	Topic	Action	Action By
<b>18</b>	<b>Consultation on Proposed Restructuring of the Committee Services Team</b>  The Head of Committee and Member Services to further explore the possibility of shared Committee Services arrangements with MOPAC and to provide a note to a future meeting setting out MOPAC's decision-making structure and processes.	To be dealt with at the Committee meeting in November 2015.	Head of Committee and Member Services

## **3. Legal Implications**

3.1 The Committee has the power to do what is recommended in this report.



## 4. Financial Implications

4.1 There are no financial implications arising from this report.

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### List of appendices to this report:

Appendix 1 - Correspondence Response from Director of Commercial Development, TfL

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None.
Contact Officer: John Barry, Principal Committee Manager Telephone: 020 7983 4425 Email: <a href="mailto:john.barry@london.gov.uk">john.barry@london.gov.uk</a>

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## Transport for London



By email

Len Duvall AM  
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30 September 2015

Tel. 020 3054 3417

Dear Len

### **GLA Oversight Committee – Transport for London Board Governance**

Thank you for your letter of 23 July 2015. I apologise for the extended delay in replying.

I welcomed the invitation to attend the GLA Oversight Committee on 9 July, and found the session very worthwhile. In your follow-up letter you asked two questions relating to access to the Commercial Development Advisory Group (CDAG) and transparency.

I can confirm that Assembly Members will certainly be allowed access to CDAG. Indeed, Francis Salway, the Chair of CDAG, has recently accepted an invitation from the Budget and Performance Committee to attend a session on GLA Property Development on 14 October alongside me.

I can also confirm that, should we gain powers to set up limited liability partnerships, this would in no way diminish our commitment to transparency, which we have demonstrated through proactively publishing contracts and sharing future plans with Assembly Members and others. This commitment to transparency is enshrined in our procurement processes, and all potential partners understand our approach in this area.

I trust these answers are clear. Should you have any further questions, I would of course be happy to answer those or attend the Committee again as required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Graeme Craig', with a stylized, cursive script.

**Graeme Craig**

Director of Commercial Development

Email: [graemecraig@tfl.gov.uk](mailto:graemecraig@tfl.gov.uk)

cc John Barry (Principle Committee Manager)

# Subject: Mayor's Mentoring Programme Programme Final Report and Evaluation

**Report to: GLA Oversight Committee**

**Report of: Head of Paid Services/Assistant Director  
Health and Communities**

**Date: 22 October 2015**

**This report will be considered in public**

## 1. Summary

- 1.1 This report provides an end of project report about the Mayor's Mentoring Programme (MMP) for the GLA Oversight Committee.

## 2. Recommendation

- 2.1 **That the report and discussion with the Deputy Mayor for Education and Culture and the Assistant Director of Health and Communities be noted.**

## 3. Background

- 3.1 The Mayor's Mentoring Programme was targeted at boys aged 10-16 of black or mixed ethnicity, resident or attending school in one of eight boroughs, some of which, at the time the programme started, were the focus of the Trident Gang Crime Command. The objective of the programme was to provide a positive and sustained mentoring experience for up to 12 months for boys aged 10-16 of black origin who had been identified as being particularly at risk of exclusion, having poor educational attainment, or being already known to the criminal justice system.
- 3.2 To be eligible for support on the programme, boys also needed to be classified as 'at risk' according to specific criteria. The programme was targeted at black boys because analysis undertaken to develop the programme showed that young black men were disproportionately affected, both as victims and perpetrators, of serious youth violence. The focus on a relatively young age group aimed to offer early intervention and prevent 'at risk' young people from getting into serious trouble as they got older. (List of referral criteria is at **Appendix 1**.)
- 3.3 The original grant agreement to deliver the MMP was given to a consortium of the University of East London (UEL) and the London Action Trust in 2011. However, London Action Trust was unable to continue and withdrew from the partnership. This left UEL, whose original role was to design and deliver training to mentors, to manage the programme. Despite a number of strengths

in their model, UEL was unable to secure enough referrals. In addition, centralised training caused delays to mentors starting the programme.

- 3.4 A second phase of the programme revised the delivery model so that it became less centralised with a managing agent organisation supporting a group of ten Local Delivery Partners (LDPs). The LDPs, selected through an open and competitive tendering process, were primarily locally-focused organisations which took pride in their excellent standing in local communities and strong relationships with local people, schools and other support agencies. (List at **Appendix 2.**)
- 3.5 The ten LDPs' role was to recruit, vet and train mentors, match the mentor with an eligible young black boy manage the referral process and engage with families in order to secure parental or guardian consent and help to arrange the mentoring sessions. The LDPs supported the matched relationships for up to 12 months. The MMP programme was delivered in eight London boroughs: Brent, Croydon, Hackney, Haringey, Lambeth, Southwark, Waltham Forest and Westminster. Across the programme a total of 1,497 referrals were made to the LDPs and 1,506 mentors were trained.
- 3.6 At the end of March 2014, it was reported that the Mayor's Mentoring Programme had exceeded the target of 1,000 matched mentoring relationships. In total the LDPs were paid for 1,093 matched relationships to the end of April 2015. Their sustainment over the course of the programme was 77% at six months (3% below target), 58% sustained for nine months (12% below target) and 53% for 12 months (7% below target).
- 3.7 During the course of the programme the managing agent established a network between the LDPs, provided programme e-bulletins and regular network meetings. These were an opportunity for the LDPs to share good practice, problem solve issues and for the managing agent to identify and respond to common issues and challenges. They also provided the opportunity for the delivery partners to engage with the evaluation on a regular basis. Some of the LDPs identified that the summer holidays were a particularly difficult time for sustaining mentor and mentee relationships and so additional funding was provided to support summer activities such as day trips, BBQs and other activities.
- 3.8 During the course of the programme delivery, an internal audit was completed which noted that the LDPs were not using the referral criteria consistently regarding the number of risk factors. Following discussions with the LDPs this was revised the number of referral criteria from two to one. The effect of this was to increase referrals of boys.
- 3.9 The total programme spend was £1,151,000. A payment by results model linked payments to the achievement of various milestones, for example, the recruitment of volunteers and matched mentoring relationships. The payment by results model was adjusted a number of times during the course of the programme to (i) increase overall payments to LDPs, (ii) provide one-off payments for additional summer activity and (iii) increase payments for the 12 months sustained relationship milestone. This was in response to the cash flow difficulties delivery organisations were experiencing due to the unanticipated high up-front costs required to administer the programme.

## **4. Issues for Consideration**

### **Mayor's Mentoring Programme Evaluation Report**

- 4.1 The evaluation by the Centre for Economic and Social Inclusion was completed following the end of the programme in April 2015. The evaluation was undertaken through four waves of qualitative interviews during the programme delivery.
- 4.2 The evaluators previously completed an interim report in July 2014 and the summary report was circulated to the Oversight Committee. The interim report focused mainly on the set-up phase and the impact of the payment-by-result model on local delivery partners. The interim evaluation report confirmed the need to amend the payment by results model (as previously discussed in 3.9).
- 4.3 Engaging mentees in the evaluation proved extremely difficult for the evaluator. The main issue was the need to have parental consent to participate in the evaluation. This reduced the overall pool of mentees which could be reached. Once consent was received the evaluator took a number of steps to engage mentees including: voucher payments for completing questionnaires (both online and paper), visiting LDPs to engage with mentees and cascading information via mentors to encourage mentee input to the evaluation. The evaluators did have some success in conducting in-depth interviews with mentees.
- 4.4 The evaluators undertook surveys and interviews that engaged 80 mentees. Therefore although the individual comments and experiences of these mentees informed the evaluator about the impact of the scheme, it is not appropriate to make any widespread statements / conclusions as to the impact of the programme's interventions on the full mentees cohort.

### **Mentee outcomes**

- 4.5 Mentee profiles show that the main reason for referral was underachievement at school. Over one third of the mentees were referred on the basis of exclusion from school and more than 80% were referred because of consistent low achievement at school. The average age for joiners to the MMP programme was 13 and the majority of the mentees were aged 12, 13 and 14.
- 4.6 Mentees identified as excluded from school were least likely to sustain the mentoring relationship beyond six months. Mentees identified as NEET were slightly more likely to sustain the relationship to six months.
- 4.7 Fewer of the mentees with high needs or higher level risk factors sustained the relationships with mentors. There was a relationship with the higher the number of risk factors and the lower the likelihood of remaining in the mentoring relationship.
- 4.8 Successful outcomes for the majority of the mentees related to school: return to school, higher school attendance, fewer temporary exclusions, better grades for school work and overall, better engagement with education.
- 4.9 Feedback gained from the mentees indicate that the mentoring relationship had helped: with their confidence, especially meeting new people; when considering longer term consequences of

behaviour and with respect to better decision making and help with relationships, especially with teachers and family.

### **Mentors**

- 4.10 The evaluators also engaged mentors through two waves of surveys during and at the end of the programme (183 responses and interviews). Additional information was obtained from LDPs (via surveys and interviews) and from organisations referring boys to the programme (surveys).
- 4.11 Feedback gained through mentor surveys and focus groups shows that mentors were highly motivated to help young people succeed. Mentors also recognised that the training they received was useful for them personally and, for some, the experience of being a mentor encouraged them to take up a related career.
- 4.12 The training provided, along with ongoing support and/or additional training, was critical to the confidence, retention and satisfaction of the mentors.
- 4.13 The LDPs have all continued to use the mentors in on-going work or referred them to other mentoring projects. Mentors were also encouraged to join Team London in order to access other volunteering opportunities across London.

### **Factors for successful delivery across the LDPs**

- 4.14 The LDPs were all community based providers and delivered the mentoring through existing youth based provision, in schools or at other community venues.
- 4.15 The evaluation report outlines a number of factors which appear to support more successful delivery:
- Embedding the mentoring programme within a larger organisation which can provide additional services, especially to provide structured opportunities for young people for example sport or youth provision.
  - Locations for meetings with mentors set the tone and context for the relationship. Both schools and youth centre venues have advantages and disadvantages; the primary advantage was that they could better ensure a captive audience in a safeguarded environment.
  - Training for volunteer mentors was an essential element of the programme and the mentors reported that additional on-going support and training was required on top of the initial induction training.
  - Administrative support is required to enable the organisation of training and organisation of mentor/mentee meetings, along with frequent reminders to young people and the chasing up of a record of the meetings having taken place.
  - There was significant variation in the sustainability of mentoring relationships achieved by the different LDPs with the provider delivering the most sustainable delivery losing only 5% of its mentees during a 12 month period. One difference was the approach of the LDP



to re-matching , many but not all put in place processes so that when a mentoring relationship breaks down re-matching can take place; often successfully.

- 4.16 Factors in the delivery model of this particularly successful LDP which may have helped explain their success include the fact that they had a pool of youth workers and a fathers' group, (both groups had been trained to work with young people and had been DBS [Disclosure and Barring Service] checked already), whom they could draw on to deliver support. This enabled them to establish relationships quickly. Another element which appeared unique to the project was the volume of support that mentors received which included: ongoing supervision, weekly mentor group sessions to discuss their experiences and opportunities for those new to mentoring to shadow experienced mentors. The project also had prior experience of delivering mentoring programmes.

## **5. Lessons learnt**

- 5.1 The evaluators note the following factors as essential for future programmes:

- Size and focus of the provider organisation – This has an impact on the provider's ability to manage payment by results including administration, networks into the local community and a range of other services which can provide a wider network of support and structured activities for young people.
- Setting for mentoring meetings – This has an impact on the types of activities, meeting space and young person's perception of mentoring relationship i.e. school or youth centre.
- Preparedness for payment-by-results – Small organisations struggle with the cash flow requirements and so need to be part of a bigger partnership or consortium. Payment-by-results also has higher levels of administration in terms of evidence than a traditional grant arrangement.
- Training and support for mentors – Initial training content, but also on-going training and support are essential. Further training would be required for mentors to support more vulnerable or at risk young people.
- Additional necessary delivery requirements for the programme:
  - The payment milestones and evidence requirements need to be suitable for the programme aims and the provider.
  - Monitoring systems need to be embedded within the commissioning process.
  - Evaluation aims and objectives need to be clearly understood by the provider and commissioned at the outset ahead of programme delivery starting.

### **Future activity**

- 5.2 Findings from the MMP evaluation and the Leadership Clubs evaluation<sup>1</sup> identify similar key findings that i) providers have been largely successful in engaging schools and pupils; ii) feedback from participating schools has been positive; iii) in Leadership Clubs that there has been some evidence of initial impact on pupil progress (specifically in maths). These findings have informed

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<sup>1</sup> Launched in 2012, Leadership Clubs have taken place in 35 schools and over 1,700 pupils aged 10 – 14 years have benefited, exceeding the programme's lifetime target of 1,500. Final evaluation due in 2016

the development of the *Stepping Stones* programme.<sup>2</sup> Some of the Leadership Clubs' providers worked on the transition from primary to secondary schools with their participants and the *Stepping Stones* programme will specifically focus on that recognised, challenging period of transition for vulnerable young people and build in mentoring as an integral part of the delivery design.

## 6. Legal Implications

6.1 The Committee has the power to consider this report.

## 7. Financial Implications

7.1 There are no financial implications arising from this report.

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### List of appendices to this report:

Appendix 1 – Referral criteria

Appendix 2 – List of the local delivery partners (LDPs)

Appendix 3 – Executive summary of the evaluation report October 2015

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
Contact Officer: Amanda Coyle, Assistant Director of Health & Communities
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<sup>2</sup> The *Stepping Stones* programme is a schools-based, preventative intervention aimed at vulnerable young people who are considered *at risk* during the transition from primary (Year 6) to secondary school (Year 7). It is a "proof of concept" exercise which will ultimately provide resources, in the form of a tool-kit, to all primary and secondary schools in the capital about how best to effectively support the transition from primary to secondary for their most vulnerable students

## **List of referral criteria for Mayor's Mentoring Programme**

A number of risk factors are used to decide a boy's eligibility for the mentoring:

- at least one fixed term exclusion in the last year;
- a record of persistent truancy (less than 85% attendance in the last school term);
- low achievement with scores consistently below the Key Stage average for London;
- a looked after young person;
- a teenage parent;
- in contact with the Youth Offending Service or attending a Pupil Referral Unit; and
- written confirmation from the school (or another appropriate statutory body) that the participant is considered to be 'at risk of becoming NEET'.

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<b>Appendix 2 - Mayor's Mentoring Programme, 2013-15 – Local Delivery Partners (LDPs)</b>		
<b>Local Delivery Partner</b>	<b>Borough(s)</b>	<b>Profile</b>
Kori <a href="http://www.kori.org.uk/">http://www.kori.org.uk/</a>	Haringey	KORI's community outreach work focuses on young people aged between 5 to 25 years. Many join through the 'out of school programme' and others are referred by parents, schools, social services or YOTs for support and self-development. Young people are also referred from a range of secondary schools in Haringey for work experience.
The Soul Project <a href="http://www.thesoulproject.moonfruit.com/">http://www.thesoulproject.moonfruit.com/</a>	Waltham Forest	The Soul Project Family Activity Centre based in Walthamstow brings together different organisations, programmes and projects under a single roof for the benefit of local young people and their parents. Soul's main aim is to engage young people in positive activities to prevent social exclusion and promote social inclusion. Service delivery combines leisure facilities and activities for families with the provision of support, advice and information.
Salmon Youth Centre <a href="http://www.salmoncentre.co.uk/">http://www.salmoncentre.co.uk/</a>	Southwark	Salmon is an open access youth centre in the heart of Southwark. The facility brings young people into the centre to relax, try new things and build relationships with caring adults (trained youth workers). Young people may then go on to access more specialised projects and services, but the Centre's first priority is to provide a safe place for young people to be with their friends.
Track Academy <a href="http://www.trackacademy.co.uk/">http://www.trackacademy.co.uk/</a>	Brent	Track Academy is an educational, mentoring and sports programme which supports the all-round personal development of young people. Track helps a wide range of young people through the provision of a variety of community based projects, including athletics, to help them fulfil their true potential.
BANG Edutainment <a href="http://wearebang.com/edutainment/">http://wearebang.com/edutainment/</a>	Brent	Community radio station, FM-licensed BANG radio's mission is to help young people realise their full potential so they can contribute positively to their communities by creating platforms and highly-engaging projects that introduce and develop the skills they need for their life and careers.
Tottenham Hotspur Foundation <a href="http://www.tottenhamhotspur.com/foundation/">http://www.tottenhamhotspur.com/foundation/</a>	Haringey Waltham Forest	Tottenham Hotspur Foundation is committed to providing the best sports, health, training, and education programmes for local communities in the catchment area of Tottenham Hotspur FC; creating opportunities, encouraging enterprise and innovation, promoting social cohesion and enhancing life skills. THF uses sport and in particular football as a vehicle to create life changing opportunities for children, groups and individuals within communities. This requires working with a wide range of partners (central and local government, schools, colleges, businesses and charitable trusts) to design programmes that engage all sections of the community.
SE1 United <a href="http://www.se1united.org.uk/">http://www.se1united.org.uk/</a>	Westminster	SE1 United was set up in 2003 by nine young people from Lambeth and Southwark. As a resident-led organisation, based in the Spirit Level at Southbank Centre, SE1 delivers youth-led programmes for local young people in communities and schools.
South London YMCA <a href="http://www.slymca.org.uk/">http://www.slymca.org.uk/</a>	Lambeth Croydon	SLYMCA works in the London Boroughs of Bromley, Croydon and Lambeth, and the Royal Borough of Kensington & Chelsea supporting homeless people of all ages, providing them with

		housing, advice and guidance to empower them towards independent living and to build a better life. SLYMCA also have specialist projects for teenage parents, young offenders, those with alcohol or drug misuse issues, and an innovative Community Host scheme. SLYMCA worked with two organisations to deliver MMP: the Association for Black Engineers and Lives Not Knives
Croydon BME Forum <a href="http://www.cbmeforum.org/">http://www.cbmeforum.org/</a>	Croydon	Croydon BME Forum is the umbrella body for the borough's black and minority ethnic VCS and social enterprise organisations. Its services comprise: (1) helping BME communities to contribute towards policy development and decision making; (2) enabling BME VCSEs to develop their people, systems and structures so that they are better able to deliver quality services to their users; (3) building bridges within and between communities in Croydon within the framework of the Equality Act 2010.
Hackney Council for Voluntary Service (HCVS) <a href="http://www.hcvs.org.uk/index.php">http://www.hcvs.org.uk/index.php</a>	Hackney	Established in 1995, Hackney Council for Voluntary Service is the borough's leading voluntary and community sector support agency. HCVS support hundreds of people to run successful voluntary and community sector organisations, giving them access to the skills, knowledge and resources necessary to meet local needs. HCVS coordinates a partnership of 12 local organisations which together deliver the MMP.

# **Mayor's Mentoring Programme**

## Final evaluation: Executive Summary

Lauren Bennett

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Dave Simmonds

**October 2015**

## Executive summary

This report presents the final findings from the independent evaluation of the Mayor's Mentoring Programme, a community based programme which provided mentoring to black boys aged 10 to 16 in eight London boroughs. The programme was run by the Greater London Authority and delivered by ten local delivery partners (LDPs)<sup>1</sup> and a managing agent. The majority of LDPs started delivery in early 2013 and supported mentees until April 2015.

### Background and context

In November 2008 the Mayor issued 'Time for Action', a strategy to reduce serious youth violence. 'Project Titan', one strand of Time for Action, aims to build character and responsibility in young people. The Mayor's Mentoring Programme is part of Project Titan. To be eligible for support on the programme, boys also needed to be classified as 'at risk' according to specific criteria set by the GLA.

The target group was selected for a number of reasons. The focus on a relatively young age group aimed to prevent 'at risk' young people from getting into serious trouble as they got older. The programme targeted black boys as analysis has shown that young black men are disproportionately affected both as victims and perpetrators of serious youth violence. There was support for targeting within the black community, but also some concern that the programme could stigmatise black boys, and that the targeting might mean that boys and girls of other ethnicities would be left behind.

The original grant agreement to deliver the Mayor's Mentoring Programme was given to a consortium of the University of East London (UEL) and the London Action Trust in 2011. However, London Action Trust was unable to continue and withdrew from the partnership. This left UEL, whose original role was to design and deliver training to mentors, to manage the programme solely. Despite a number of strengths in their model, UEL was unable to secure enough referrals onto the programme. In addition, centralised training caused delays in mentors starting the Programme. As such, the UEL grant was reduced and a new round of tendering commenced.

The re-commissioned programme (phase 2 of the Mayor's Mentoring programme) appointed a new managing agent (Rocket Science) to support a group of 10 Local Delivery Partners (LDPs) which all hold individual contracts with the GLA. The LDPs were locally-focused organisations established in communities with strong existing relationships with local people, schools and other agencies supporting young people. The LDPs were paid on a payment by results (PbR) basis against six milestones: referral of a young people, training

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<sup>1</sup> In addition, the University of East London was a delivery provider during the first phase of the Mayor Mentoring Programme. However, for the purposes of this evaluation, focus is placed on the second phase of the programme which focuses on the 10 LDPs listed in Annex A.



and DBS clearing a mentor, starting a mentoring relationship, and sustaining a mentoring relationship for 6, 9 and 12 months.

## **Aims and methodology**

The aim of this evaluation is to provide insight into the design, delivery and outcomes of the mentoring programme. The evaluation employs a mixed method, multi-phased design. It includes four waves of qualitative research, mentee and referrer surveys, a mentee survey and an analysis of Management Information to explore hard outcomes by both delivery model and characteristics of the young people on the programme.

## **Overall assessment of the programme<sup>2</sup>**

The overall objective of the Mayor's Mentoring Programme was to achieve 1,000 mentee/mentor relationships. The programme achieved meeting the number of relationships by April 2014. In total 1015 matches were achieved during the second phase of the programme (in addition UEL had achieved 101 matches in the first phase taking the overall total to 1116). Of the 1015 phase 2 mentor to mentee matches achieved, 73% were sustained at six months, 58% sustained at 9 months and 53% at one year.

The Programme did result in positive outcomes for its mentees, including reducing anti-social behaviour, improvements at home and in school, and better and more confident decision making. The programme also encouraged volunteer mentors to continue to support disadvantaged communities and individuals.

The programme was originally intended to support high risk young black boys and reduce serious youth violence. The programme evolved to support a broader cohort which included, teenage parents, those excluded from school, those who are underachieving and who are not reaching their potential cohort, changing the tone to one which focused on prevention and early intervention rather than a larger scale real-time reduction in serious anti-social behaviour and/or criminal activity.

Furthermore, the programme shifted from being a primarily community-focused programme, to one that utilised local infrastructure (e.g. schools) to support the sustainability of matches. LDPs reported some success in engaging local communities in supporting their local youth, but would have liked to have achieved further reach and embed volunteer-led support in their communities.

A secondary objective of the programme was to provide robust evidence of the efficacy of mentoring as a support mechanism for at-risk youths. This objective has not been met completely. Changes to the management structures, target cohorts and evolving mentoring delivery models have reduced the ability to conduct an objective assessment of the impact of the mentoring. Further assumptions that underpinned the evaluation with regards to the

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<sup>2</sup> See Annex (below): "Overall assessment of the mentoring programme", for a more detailed overall assessment.

availability, quality and acquisition of data, did not materialise limiting the ability to which impact of programme participation could be measured. Nevertheless, the evaluation was able to draw on a range of data sources to provide a grounded assessment of the programme.

### **Mentee and mentor outcomes**

Mentees made better decisions in relation to staying out of trouble as a result of their mentor's influence. Mentees said mentors helped them to control their emotional responses to stressful situations or to moderate their emotions. They also said they were in detention less. Mentees spoke about maturing which has helped them focus more and improve their grades.

Mentees reported gaining an increased understanding of how grades, behaviour, relationships and schoolwork could impact on later life. Mentees found the support an important method by which to improve grades and receive extra help with schoolwork. Many mentees spoke about their confidence improving as a result of the programme, particularly when it came to speaking to new people.

Mentors joined the programme to help and support mentees, especially young people who might not have had that support network in their lives. Many mentioned that their aim was to help mentees with their schoolwork and to stay in school. Regarding the outcomes for mentors themselves, the majority of them felt that it had been a positive experience, although quite a few had mixed feelings about it. Some mentors were also encouraged by their experience in the programme to pursue further studies in psychology or reassure them that they wanted to become a full time mentor or work as a youth assistant.

Those who reported being dissatisfied with the programme acknowledged the value of mentoring but were not satisfied with the programme structure. Many felt they were not given enough time to meet the support needs of their mentees. The lack of support from LDPs was brought up by many mentors as one of the negative aspects of their experience as mentors.

There was overwhelming consensus that the paperwork requirements were highly onerous for volunteer mentors to be expected to deliver

## **Features of successful delivery models**

A number of factors were identified through the evaluation that were associated with the successful delivery of the programme.

### **Size and focus of the provider**

Larger organisations that embedded the Mayor's Mentoring Programme within the other youth services that they delivered were the most effective at creating and sustaining

mentee/mentor relationships. These providers could deliver and support larger scale training programmes and had more resources to implement the programme. Larger, specialist organisations also had established networks and systems that they could use to refer young people into the programme. These organisations had greater capacity to support mentors and mentoring service for the young people. As such, mentees from these LDPs had higher satisfaction with the programme than others.

### **Preparedness to Payment by results (PbR)**

The programme was to deliver the mentoring contract through a payment on results (PBR), outcomes based basis. PbR places a greater amount of risk on the provider to deliver the required outcomes in order to receive payment, which some providers, particularly smaller organisations, struggled with as they did not have the adequate financial resources to cover the upfront costs. The PbR model was favoured by larger, better resourced providers and those with more rigorous project management. Providers were broadly content with the PbR approach, though there was some evidence that the payment model adopted was too heavily weighted towards outcomes, and not enough towards core funding.

### **Context of delivery**

The context of delivery also contributed to the effectiveness of mentoring support. This included the reputation and experience of the delivery partner, nuances of the delivery model, the access to other support and resources and the location of delivery.

### **Training and support for mentors**

There was significant variation in the level of training and support provided to mentors. Where offered, training and support was well received, particularly among mentors who felt well supported. Others who had received less training and support were more critical and in some cases felt unprepared to support mentees. However, even when training events were arranged, poor attendance by mentors meant those events were unviable and in some cases cancelled.

## **Lessons for future commissioning**

Through this evaluation, a number of lessons and recommendations for future commissioning have been identified.

**Designing programme specifications:** Identification of key outcomes from mentoring and commission against these measures. A full consultation exercise with the organisations delivering mentoring programmes should be carried out to identify immediate and intermediate outcomes.

**The role of the delivery setting for future mentoring programmes:** Consideration of the delivery setting as more than being a location to meet. Findings suggest that delivery

location may influence the tone and acceptability of support. For example, using school premises contributed to adding structure to the programme for some young people.

**Creating a knowledge bank on mentor training:** More support from the GLA in the provision of training to both mentors and also providers that were new to the sector. Evidence from the GLA itself recognised that more training could have been offered and more could have been done to share learning across the projects.

**Separating evidence from contractual requirements for payment:** A review of the level of evidence required from LDPs to contract for and evidence payment. Finding alternative methods by which to monitor the quality of the support being delivered is recommended.

**Ensure that LDPs are supported to deliver under PbR:** A minimum size and capacity should be specified for an LDP in order to take on the direct management and delivery of a PbR contract. The use of a sufficiently capitalised managing agent who is able to shoulder the immediate capital risks of PbR and maintain smaller organisations with interim payments to support cash flow is recommended.

**Embedding evaluation requirements into the programme:** The burden of evaluation and complying with any commissioned evaluation should be recognised in terms of funding and capacity. Further simple, clear and rigid management information requirements should be provided to LDPs.

## Annex A: Overall assessment of the mentoring programme

The Mayor's Mentoring Programme was a community-based mentoring programme for black or mixed ethnicity boys aged 10-16, delivered largely by volunteer mentors from communities across eight London boroughs<sup>3</sup>. The programme ran from autumn 2011 to spring 2015.

### Achievements against objectives

The overall objective of the Mayor's Mentoring Programme was to achieve 1,000 mentee/mentor relationships and sustain these relationships over one year. The programme achieved meeting the number of relationships by April 2014. Of the 1015<sup>4</sup> relationships achieved, 73% were sustained at six months, 58% sustained at 9 months and 53% at one year.

The achievement of the participation target is a key success for the programme. It was made possible through a six month extension to the project to account for delays incurred due to a programme re-launch following the first year of delivery, and by extensive support of the Greater London Authority (GLA) and managing agent, Rocket Science.

There was strong evidence that Mayor's Mentoring Programme did result in positive outcomes for its mentees, including reducing anti-social behaviour, improvements at home and in school, and better and more confident decision making. The programme also encouraged volunteer mentors to continue to support disadvantaged communities and individuals.

The original programme was intended to utilise the capacity of the black community through engaging black male volunteer mentors to work with high risk young black boys (including those who had some contact with the criminal justice system), providing them with positive role models and support in order to prevent these boys from becoming involved in crime or vulnerable to youth violence

During the course of delivery, the programme evolved from a programme working with primarily high need groups to one that worked with a less risky cohort. In so doing, the mentoring support appears to have changed in tone, towards supporting educative and low level behavioural support needs and away from those most at risk (although some providers did continue to work with the most at-risk). As such, overall the mentoring

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<sup>3</sup> Further information about the background to the Mayor's Mentoring Programme can be found in the interim evaluation, CESI (2014) Mayor's Mentoring Programme evaluation Interim report.

<sup>4</sup> This does not include a further 101 matches secured by the University of East London led phase of the Mayor's Mentoring Programme.

programme could be best described as one which focused on prevention and early intervention. It is clear that there is a need for this kind of support and that to a great extent the mentoring programme was effective at supporting lower risk needs. In this way also, there was some overlap with latterly commissioned GLA programmes such as the European Social Fund Youth Programme.

Around two thirds of mentors were male and over half were black, with nearly four in ten mentors (37%) being both black and male. Local Delivery Partners (LDP) claimed that ethnicity and gender were not determining factors when recruiting mentors. Instead they felt the most important criterion for being a mentor is having an understanding of the needs and experiences of the targeted young people. This view was supported by mentees who tended to report that the most important factor in building a strong mentoring relationships were shared interests, for example, in sport or music.

The focus of the mentoring moved from primarily being a community-focused programme, to one that utilised the infrastructure of schools as a stable basis to develop sustained matches. Overall, LDPs have reported that they have achieved some success in engaging local communities in supporting their local youth, but would have liked to further embed volunteer-led support in their communities.

While the delivery of the programme has evolved away from its very challenging initial aims, the changes appear necessary to ensure provision was sustainable. Indeed, the delivery against the target was achieved through the GLA's, and more latterly the management agent's, responses to support LDP's ability to overcome challenges they were experiencing. As well as the changes to the eligibility requirements highlighted, other support measures included providing project management support, building capacity within LDPs to become more commercially aware (including an income modelling tool, developed by the management agent) and helping LDPs unfamiliar with funding through a Payment by Results model.

Importantly, the emphasis on the refocusing of provision delivered via relatively small, community based organisations meant that as well as the changes to the delivery model itself, the GLA had to make structural changes to the programme. These changes included appointing Rocket Science as the management agent and changes to the payment model to ensure the programme remained financially viable. Two significant changes were introduced:

- Recognising the true resource burden of providing support, LDPs were provided an uplift to the unit cost;
- Increasing some milestone payments to enable LDPs to access funds at an earlier point.

As a consequence of the evolution of the programme, initial assumptions on the process and drivers to achieving the desired outcomes have changed. Building on work presented in the interim evaluation report, a revised logic map is presented in Annex B of the main evaluation report outlining shifts in the outcomes originally intended. The evaluation has

not included any quantification of reductions in youth violence. However, qualitative evidence suggests that mentees had observed reductions in their antisocial behaviour, and improvements in school performance (both of which may lead to reductions in crime in the longer term). There was also evidence of better decision making and avoidance of risky behaviour, and understanding of longer term consequences of current action.

A further objective of the programme was to test the efficacy of mentoring as a support mechanism for at-risk youths. In great part, the number of changes to the management structure, changes to the target cohorts, and the number of different and evolving mentoring delivery models has reduced the ability to conduct an objective overall assessment of what works with regard to mentoring. Moreover, despite a contractual requirement, LDPs did not fully engage with evaluation negating any ability to conduct a full impact assessment of mentee outcomes against a counterfactual group. In view of limited data, the evaluation cannot provide a full quantitative assessment of the impact of the programme.

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# Subject: London Pensions Fund Authority

**Report to: GLA Oversight Committee**

**Report of: Executive Director of Secretariat**

**Date: 22 October 2015**

**This report will be considered in public**

## 1. Summary

- 1.1 This report provides background information to the GLA Oversight Committee in putting questions to Sir Merrick Cockell, Chairman of the London Pensions Fund Authority (LPFA), Susan Martin, Chief Executive Officer, LPFA, and Chris Rule, Chief Investment Officer, LPFA.

## 2. Recommendation

- 2.1 **That the report and the discussion with Sir Merrick Cockell, Chairman of the London Pensions Fund Authority (LPFA), Susan Martin, Chief Executive Officer, LPFA, and Chris Rule, Chief Investment Officer, LPFA, be noted.**

## 3. Background

- 3.1 The Mayor of London appointed Sir Merrick Cockell as the Chairman of the LPFA from 7 September 2015, following the resignation of former Chairman Edmund Truell. This appointment was subject to the Assembly's Confirmation Hearings Committee process. The minutes and the transcript of the Confirmation Hearings Committee can be found here on the GLA's website: <http://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=135&MId=5893&Ver=4>
- 3.2 In December 2013 and March 2014, the GLA Oversight Committee heard from Mr Truell to review the performance of the LPFA, its investment strategy, governance issues and its approach to shared services and merging funds.

## 4. Issues for Consideration

- 4.1 The Local Government Pension Scheme (LGPS) is the UK's largest public sector pension scheme by membership (approx. 4.6 million members). It is unusual because it is the only public sector scheme which is 'funded' (ie invested in financial assets). Other schemes, such as teachers' pensions operate on a 'pay as you go' basis and any shortfalls between liabilities and assets are funded by the Government.

- 4.2 The LGPS is also unusual because it is comprised, currently, of 89 separate funds in England and Wales which are controlled by trustees. The funds have limited discretion as national regulations set the governance procedures, the benefit structure and the employee contribution rates. Local funds do, however, have control over how they invest their funds. In its budget in July 2015, the Government announced that it would require LGPS funds to enter into 'pooling' arrangements with other funds in order to bring together assets and secure efficiencies in pension fund management. The Government is looking for pooled funds with assets of around £30 billion.
- 4.3 The GLA's pension fund is the LPFA which is one of the biggest funds in the LGPS. It has 77,000 members in 200 not-for-profit organisations and its assets are currently valued at around £4.6 billion. The member organisations range in size from 1 to 1,900 members and include, for example, the universities of East London and Greenwich and several housing associations and charities. Prior to the Government's announcement requiring all funds to consider setting up pooling arrangements, LPFA had already been exploring this option with Lancashire County Pension Fund (which manages £5.8 billion of assets on behalf of over 150,000 members and 300 employers). The aim is for the Lancashire and London Pension Partnership to be established by 1 April 2016 and it will comprise a new company covering pension administration, governance, investment and support roles.
- 4.4 At the same time as the LPFA has been exploring a pooled arrangement with Lancashire, London boroughs, via London Councils, has set up a Common Investment Vehicle, which brings all the boroughs' pensions funds together with the aim of reducing costs and improving investment returns. It is chaired by Lord Bob Kerslake.
- 4.5 A summary of the LPFA's recent performance and detailed proposals relating to the merger with Lancashire County Pension Fund is attached as **Appendix 1**.
- 4.6 Sir Merrick Cockell also wrote to the Chair of the GLA Oversight Committee, addressing issues raised during the Confirmation Hearings process, and this is attached as **Appendix 2**.

## 5. Legal Implications

- 5.1 The Assembly has the power to do what is recommended in this report.

## 6. Financial Implications

- 6.1 There are no financial implications to the GLA arising from this report.

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### List of appendices to this report:

Appendix 1 – Summary and Merger Proposals

Appendix 2 – Correspondence from LPFA Chairman

<h3>Local Government (Access to Information) Act 1985</h3> <p>List of Background Papers: None</p> <p>Contact Officer: Katie Smith, Head of Scrutiny and Investigations</p> <p>Telephone: 020 7983 4423</p> <p>E-mail: <a href="mailto:katie.smith@london.gov.uk">katie.smith@london.gov.uk</a></p>
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## **London Pensions Fund Authority: Key Issues Facing the Authority and a briefing on the Lancashire and London Pensions Partnership:**



### **LPFA:**

The LPFA administers its own £4.6bn (as at 31<sup>st</sup> March 2015) pension fund providing LGPS benefits to almost 20,000 employees working for non-for-profit, charity, private sector and local government employers and around 77,000 members. The Authority was created following the abolition of the GLC and is open to eligible new members and employers, primarily those connected with performing local government functions.

The Mayor of London appoints the LPFA Board and the LPFA's Strategic Policy Statement and Budget are presented to the Mayor for comment on an annual basis.

### **LPFA Organisational highlights for the year 2014-15 and key facts:**

#### ► Reform of the LGPS

During 2014 LPFA submitted a response to the DCLG consultation on the reform of the LGPS and set out our belief that allowing Local Authorities to pool their assets and jointly manage liabilities would provide a solution to the growing deficits across our industry.

#### ► Lancashire and London Pensions Partnership

We were delighted to announce that we will be going ahead with our £10bn Asset and Liability Management Partnership with Lancashire County Pension Fund. The partnership, which will initially be known as the Lancashire and London Pensions Partnership (LLPP), will cover all aspects of pension fund management and be a fully-fledged pension service organisation, providing both jointly managed administration and pooled asset and liability management activities through newly created corporate structures. The partnership will allow us to pool our assets and consider our liabilities on a consolidated basis, but will also maintain the sovereignty and a framework of local accountability for both Funds.

More information on this is provided below.

#### ► Infrastructure Partnership with Greater Manchester Pension Fund

A £500m infrastructure investment programme with Greater Manchester Pension Fund has been launched. Both funds have committed £250m to a special purpose vehicle in order to make a variety of different infrastructure investments over a three-to four-year investment period, predominantly focusing on UK infrastructure assets. The aspiration is to open this up for other LGPS funds as only around ten funds are able to invest directly in infrastructure as they do not have the scale and in-house resources.

### ► Security for the Fund

LPFA achieved an additional £311m of employer security in the form of first charge arrangements on Property, Investments, letters of assurance from Government Departments, Escrow accounts and Parent company guarantees. We have also increased employer contributions, delegated treasury management to GLA (resulting in better cash management and £686k interest earned) and moved offices, resulting in ongoing annual savings in excess of £350k.

### ► Service Excellence

The pension administration teams continue to deliver 98% on-time processing and complaints were reduced to 15 over the year. There was a slight reduction in membership to 77,000 as the Ministry of Justice consolidated probation trust members from around the country into the Greater Manchester Pension Fund.

LPFA continues to administer local government pensions and the fire pension scheme on behalf of 250,000 members in total, including some London boroughs, Fire Authorities and Hertfordshire County Council.

### ► Staff

The Executive continues to be led by Susan Martin, Chief Executive Officer. We welcomed Chris Rule as our new Chief Investment Officer in October 2014, and his addition has been a strong positive for the team. Mike Allen continues in the role as Director of Pensions and the team has been recently bolstered by Dr Angela Smith as Interim Chief Risk and Finance Officer.

### ► Board

Sir Merrick Cockell was confirmed as Chair on 8<sup>th</sup> September 2015 following the resignation of Edi Truell.

A new representative body has also been established under the LGPS Regulations to assist the Board in achieving compliance. This is called the Local Pension Board and each LGPS administering authority has been required to establish a local pension board. It contains member and employer representatives and reports to the main Board on an annual basis. This replaces the LPFA's previous Member and Employer Panels.

The LPFA and the Lancashire County Pension Fund have adopted a cost-effective approach to this requirement by appointing a joint Independent Chair to sit on the respective Local Pension Boards.

### ► Awards

LPFA was nominated for the Most Innovative Pension Scheme by both Institutional Investor and CIO Magazine, and Pension Scheme of the Year and Best Investment Strategy by Financial News. Susan Martin, was recognised for innovative work on asset and liability management and for successful partnerships with other administering authorities and pension funds, by winning the Industry Achievement Award at the Portfolio Institutional Awards, and to be nominated for Outstanding Contribution to Pensions at the Engaged Investor Trustee Awards 2015.

## **Investment Review**

- 1.1. Our Fund has a global asset mix and includes holdings in the equity (shares) of public and private companies, government and corporate debt (fixed income), currency, property and infrastructure projects. In addition, our assets are managed by a mix of external fund managers, and more recently, internal professionals. The greater use of internal professionals has resulted in fee savings of £3m per annum.
- 1.2. Our integration activities currently focus on exercising our rights as a shareholder - i.e. voting and engaging with the companies we own - close monitoring of our fund managers and collaborating with other like-minded investors, mostly other pension funds.
- 1.3. The current investment strategy comprises an asset allocation which will be implemented over time of 55% equity (range 50-60%), 30% illiquids (range 25-35%), 15% total return (range 10-20%). This will be reviewed by the Investment Committee in the coming months.
- 1.4. As at the end of March 2015 the position of the fund for the year to date was:
  - Net asset value was £4.6bn
  - Funding level on an actuarial basis c96%.
  - The fund is on a recovery plan to reach a fully funded position, on a conservative basis and within a reasonable time period of c.15 years.
- 1.5. In 2013, LPFA decided that for a pension fund to manage its assets effectively, it was essential that the Fund had up to date information on its assets and liabilities. After all, a pension fund exists to meet pension payments and the sum total of these payments are the pension liabilities. Traditional asset-only models analyse risk and reward in terms of investment performance. Asset/liability models take a comprehensive approach to analyse risk and reward in terms of the overall pension plan. Effectively assets/liabilities are two sides of the same coin, hence it is vital that we understand and manage both holistically
- 1.6. We are now in a position to produce our own asset and liability modelling report on demand. This is unique within the LGPS and we are in discussions with other funds to assist them. With this information to hand, we will be able to analyse investment returns, funding status, refine investment strategy, establish a cohesive risk management framework and respond to any market dislocations etc.
- 1.7. **Investment Performance**
- 1.8. Last year brought a range of economic and geopolitical events that one would struggle to forecast. Against all of them, in 2014/15 the Fund as a whole returned an estimated 9.2% (excluding the Fund's Liability Driven Investment Portfolio). This was primarily driven by our Public and Private Equity holdings as well as our infrastructure investments.
- 1.9. The Board is of belief that a broadly diversified portfolio will improve risk adjusted returns over the long term. Further progress towards this goal has been rapid with significant new investments into Private Equity and Alternative Debt. In these areas we are increasingly making use of our internal investment resources to access opportunities in a more direct manner, reducing fees and increasing control. LPFA was successful in 2014 in a bid to develop and manage a GLA owned potential residential site at Pontoon Dock. The planning application with LB Newham is in progress.

- 1.10. In the liquid portfolio, we have now fully invested our 'Buy & Hold' equity strategy of large global stocks to capture high quality and sustainable investment return. Early investment performance results have been excellent and we have also saved over £3m per annum in fund manager fees.

#### **FUND PERFORMANCE AS AT 31 MARCH 2015**

(including the Fund's Liability Driven Investment Portfolio)

PERIOD	QUARTERLY	PER ANNUM 1 YEAR	PER ANNUM 3 YEAR	PER ANNUM 5 YEAR
<b>Return (Net figures)</b>	+2.48%	+4.9%	+7.15%	+6.58%

2. **Employers in the fund** – There are some 200 active employers in the LPFA fund, ranging in size from 1 to 2000.
3. **Responsible Ownership:**
- 3.1. One of the LPFA's objectives is to manage business processes to produce an overall positive impact on stakeholders. This means taking into account responsible ownership issues.
- 3.2. As a signatory to the Stewardship Code, LPFA maintain the expectations that our external fund managers understand it and fully apply it as part of their core approach. They report their voting activity on quarterly basis which is published on our website. They also, on annual basis, provide a written overview of how they addressed ESG (environmental, social, governance) factors in the LPFA portfolios. We also continue to monitor and meet with fund managers.
- 3.3. In the recent months, we have seen an increased public interest in fossil fuel investments. This resulted in a number of requests under the Freedom of Information Act 2000, as well as in Mayoral questions. Although LPFA's fossil fuel investments are small in scale (less than 1%), LPFA is aware of pressure from various environmental groups. However, at present the LPFA will not be divesting from such investments. We believe that these stocks continue to offer positive returns to the Fund. LPFA's fiduciary duty is to ensure that we have money available to pay pensions when they fall due. LPFA's duty is to make investments where we see best return to our stakeholders however we aim to do so responsibly. There is a great deal of information on LPFA's investments currently available on the website under <https://www.lpfa.org.uk/How-we-invest>.
- 3.4. During the year we have conducted an external review of LPFA's Responsible Investment initiatives, including a review of LPFA's public policy statements against those of the UNPRI and the Stewardship Code. As a result of the review recommendations, a Stewardship Committee was established to develop and deliver coordinated approach to stewardship and engagement across the LPFA's portfolio of both internally and externally managed investment funds. Subsequently, an analysis of LPFA's internal equity carbon footprint was requested from the Carbon Disclosure Project organisation in order to consider our approach to responsible investment strategy for this portfolio.

- 3.5. LPFA continues to participate in and support collaborative projects such as signing up to the UN Principles for Responsible Investing and participation in networks and specialist knowledge sharing opportunities, such as the National Association of Pension Funds (NAPF) and the Local Authority Pension Fund Forum (LAPFF).

#### **4. Shared Services**

- 4.1. The pension administration undertaken on behalf of LFEPA is now performed under a shared services agreement.
- 4.2. LPFA is now based at 169 Union Street having entered into an accommodation agreement with LFEPA.
- 4.3. We are currently reviewing options with the GLA over the discharge of LPFA's inherited functions from the GLC as many of these are internally managed, yet peripheral to pension fund activities.
- 4.4. The LPFA continues to deposit the bulk of its cash portfolio with the Greater London Authority, significantly increasing its short term cash returns. The LPFA's cash portfolio is managed alongside the £2bn GLA Group Investment Syndicate ("GIS") enabling the LPFA to benefit from enhanced liquidity and increased returns from the scale of transactions and the GLA's strong money market relationships.

#### **5. LGPS Reform and Pooling**

- 5.1. In July 2015 the Government included reference to LGPS pooling in the Budget. A consultation on this is anticipated in November 2015 and LPFA has already begun discussions with DCLG and HM Treasury over future proposals. The Chancellor George Osborne has made further announcements on pooling on 5<sup>th</sup> October. The UK Government plans to encourage the 89 local government pension funds across England and Wales into six LGPS pools, with an aim of both reducing costs and increasing investment in British infrastructure. This announcement was welcomed by the LPFA as it proves that the Government strongly encourages LGPS funds to voluntarily demonstrate commitment to pooling initiatives, similar to the Lancashire and London Pensions Partnership.

#### **6. Board Update**

- 6.1. The only Board change during the year has been the resignation of Edmund Truell and the subsequent appointment of the Sir Merrick Cockell as Chairman.
- 6.2. The Mayor appoints members of the LPFA Board to ensure the proper discharge of the LPFA's statutory functions. The present Board provides a diversity of view, each member an independent thinker and experienced non-executive. This ensures that Board debates are wide ranging, robust and we take a holistic approach to running our pension fund.
- 6.3. **Annex 1** provides a short profile of each Board and Executive member.

#### **7. The GLC, LRB and ILEA inherited liabilities and what is being done**

- 7.1. The LPFA is responsible for the historical pension liabilities of the GLC, ILEA and LRB. There is a material risk that the current level of funding assigned to pay these

pensions will run out within 20 years. Legislation is lacking in that the responsibility for these employer liabilities was not addressed as part of the abolition of the GLC. This means that current scheme employers are responsible for the liabilities of the former GLC members – which could be a challengeable position for many of these charities and small public sector bodies.

- 7.2. The deficit is valued at c£150m. This is a significant sum with no guarantor behind it. This situation has been identified as a significant risk to the fund and good progress is being made in discussions with the London Boroughs, the GLA, Society of London Treasurers and DCLG.



## **Lancashire and London Pension Partnership: (LLPP): Consultation for the GLA**

### **1. Introduction:**

Over the last year London Pensions Fund Authority (LPFA) and Lancashire County Pension Fund (LCPF) have been in discussions over the establishment of an £10bn Asset and Liability Management Partnership. Discussions are progressing well and the aim is to have this established by 1<sup>st</sup> April 2016, subject to regulatory approval from the Financial Conduct Authority (FCA).

Importantly this is a partnership rather than a merger and focuses on joint management of the liabilities of the funds as well as the assets. The pension administration element is important and is seen as complementary to the asset and liability management aspect of the business, viewed as a pension services organisation in totality.

*LPFA is consulting with the Mayor over the proposed Lancashire and London Pensions Partnership (LLPP) and would welcome comments from the Mayor this briefing note. The structure will continue to be reviewed as agreed in the shareholder agreement and progress on achieving this will be reported to the Mayor.*

### **2. Background on LPFA and LCPF**

#### LPFA:

The LPFA administers its own £4.6bn pension fund providing LGPS benefits to almost 20,000 employees working for non-for-profit, charity, private sector and local government employers and around 77,000 members.

LPFA also carries out third party pension administration and other LGPS services, presently looking after the pension benefits of around 250,000 individuals in total. Currently the LPFA provides such administration services for the London Borough of Bexley, the London Fire and Emergency Planning Authority (LFEPA), the London Borough of Ealing, the London Borough of Newham, Hertfordshire County Council and Hertfordshire Fire Scheme.

In 2014/15 the LPFA Fund as a whole returned an estimated 9.2% (excluding the Fund's Liability Driven Investment Portfolio). This was primarily driven by Public and Private Equity holdings as well as infrastructure investments.

The Fund is currently funded to c.96% on a technical provisions basis with a 15 year deficit recovery period.

#### Lancashire County Pension Fund:

Lancashire County Pension Fund manages £5.8bn of investment assets on behalf of over 150,000 members and around 300 employers. "Your Pension Service" (YPS), which is the trading identity of LCPF's administration team, administers pension schemes for Lancashire County Council, Cumbria County Council, Lancashire's Police and Crime Commissioner, Lancashire Fire & Rescue Service, Merseyside Fire Authority and Cumbria's Fire & Rescue Service. The main activities of the YPS are to administer and maintain records and to calculate benefits on behalf of members and employers of the various schemes.

At the last actuarial valuation the Fund's funding level was 78% with a 19 year deficit recovery period. PWC's comparative analysis of the valuations placed the Fund in the 20% most prudent funds with an assumed real return of CPI+ 2.25% being reflected in the valuation assumptions. Investment performance over the last 10 years has seen the value of the Fund increase by c 8.5%pa, with returns for 2014/15 being 14.87%,

compared to a local authority average of 13.2% (according to WM/State Street). The Fund has developed an investment strategy which concentrates on delivering returns through income generating assets (preferably real assets), with a particular emphasis on infrastructure, where the Fund has a preference for investing directly rather than through fund routes. This strategy has significantly reduced volatility within the Fund over the last few years.

### **3. Scope of partnership:**

LLPP will be a full partnership in nature and the two partners will be LPFA and LCPF on a 50/50 basis. It will create a number of new corporate entities which will pool the combined assets of LPFA and LCPF in a tax efficient manner. This new company will be a full pension services organisation, including all the functions necessary to manage combined fund activities such as pension administration, governance, investment and support.

Officers and Non-Executives/Councillors from both organisations have been working together to facilitate the partnership, which is now in the final stages of the recruitment of an independent Chairperson and Non-Executive members for the new company.

### **4. Anticipated benefits:**

The partnership achieves a scale that both funds believe is advantageous in pension fund management, yet retains local accountability and decision making in both London and Lancashire. It is intended that the partnership will have a positive impact on the deficits of both funds.

*Strategic decisions will continue to be made by the LPFA Board and the Lancashire County Pension Fund Committee.*

The initiative also supports the Government's LGPS pooling agenda in that other LGPS funds can participate as an investor in the partnership without needing to participate in the governance structure. Eventually, the partnership could also be open to like-minded non-LGPS funds.

In financial terms the partnership is based on three main areas:

- Reductions in investment management fees - **£6m per annum** on a conservative basis
- Anticipated improved investment outcomes – these could reach **£20-£30m per year** based on international research on the wider opportunities that scale could bring. *(Please note that the business case for the partnership is based solely on the £6m annual savings achieved through greater use of in-house management and efficiencies from scale when engaging with external fund managers).*
- Pensions administration efficiencies which are being developed further.

There are a number of legal complexities around the establishment of any partnership and it has been necessary to establish a new corporate structure to support the pooling initiative. This has associated costs but the payback period for those set up costs is very short and is expected to be within 12-18 months.

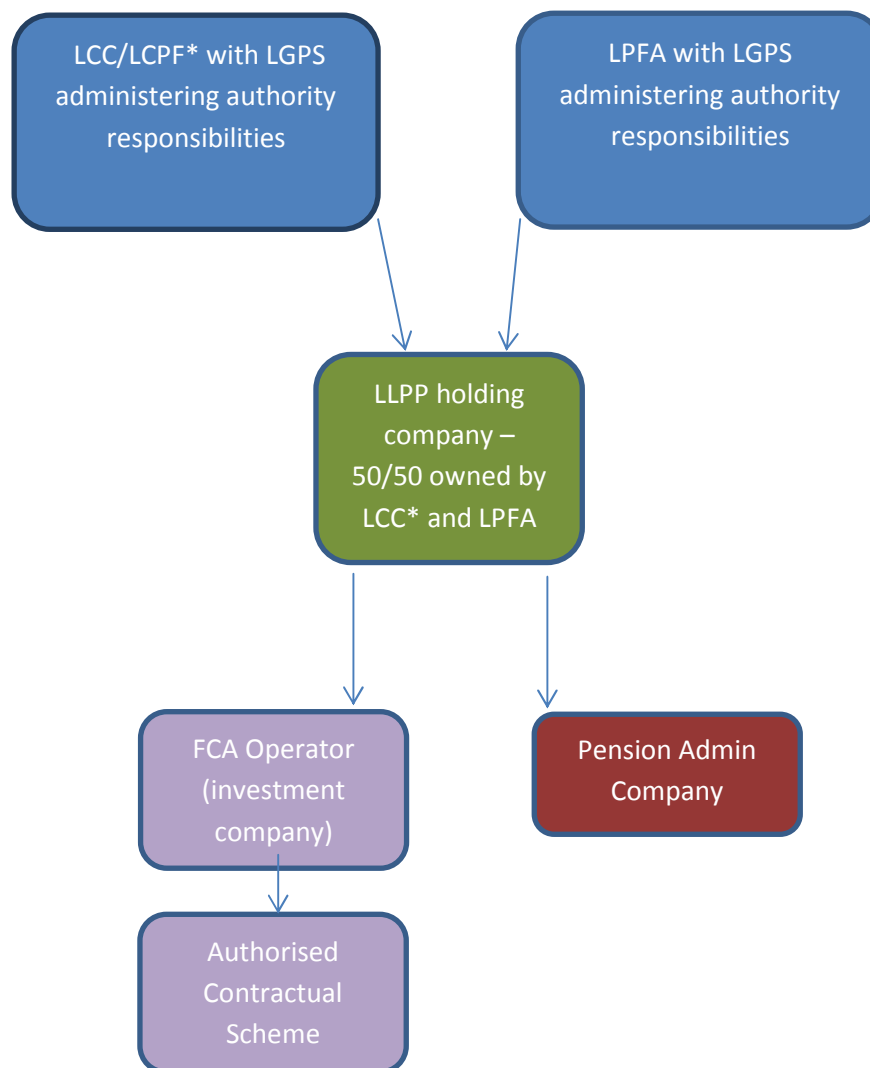
### **5. Sovereignty guarantee:**

Underpinning the partnership are a number of key governance documents, which remain under further refinement, but include a Sovereignty Agreement to guarantee the on-

going sovereignty and decision making of both the LPFA and Lancashire County Pension Fund.

In addition, the shareholder agreement contains a number of 'Matters Reserved' for the Greater London Authority & Lancashire County Council which will require pre-approval before the LPFA or LCPF respectively can vote on certain matters as shareholders. This includes dilution of shareholding and approval of remuneration policy for example.

## 6. Outline Structure



\*Lancashire CC is the legal entity and the administering authority of the Lancashire County Pension Fund

It has been agreed to create a commonly managed, jointly invested pool of assets (an Authorised Contractual Scheme) managed by an FCA registered entity with the whole partnership overseen by a holding company created by the two LGPS administering authorities. The group structure will be reviewed for effectiveness and efficiencies during the initial 3 year period. It is envisaged that staff will TUPE into the holding company from the two shareholders and then further seconded to the FCA subsidiary and the pension administration company accordingly.

An appointment process is currently underway for an Independent Non-Executive Chair and 3 other Independent Non-Executives for the LLPP holding company board.

**7. Next steps** in the development of the project include:

- Further development of the key governance documents;
- FCA submission in respect of the FCA Operator;
- FCA nomination of identified senior appointments;
- Submission of a more detailed business plan to the LPFA Board and LCPF Committee in November 2015 for final approval of the partnership;
- FCA submission in respect of the Authorised Contractual Scheme (ACS) by 1<sup>st</sup> Jan 2016
- Go-live 1<sup>st</sup> April 2016

## Annex 1 LPFA Board and Executive:

The information provided below is a short summary of the Board and Executive biographies. The full versions can be found at <http://www.lpfa.org.uk/Who-we-are.aspx>

Appointed by the Mayor of London, the LPFA Board includes:

- **Sir Merrick Cockell** – Recently appointed as Chairman of London Pensions Fund Authority (LPFA), following Edi Truell's decision to step down. He was Deputy Chairman since April, 2013 and was appointed to the Board in 2010. A councillor for over 29 years, Sir Merrick was a key architect in the formation of "Tri Borough", a revolutionary new model of delivering integrated public services between the three London Boroughs of Kensington & Chelsea, Westminster and Hammersmith and Fulham. He has previously been the chairman of the Local Government Association, London Councils and Localis.
- **Dermot 'Skip' McMullan** – Skip joined the LPFA Board on April 2013 and is a member of Investment Committee and Business & Administration Committee. In his early career, he was involved in the creation of the first PFI Company, structuring the financial package and concession for the Dartford Bridge. He was also the managing director at Bank of America in a career across 28 years prior to becoming independent chair of trustees. He is currently a director of the Bank of America Merrill Lynch UK Pension Plan and chairs the trustee board of the SSVC Pension Plan.
- **Kerry Adby** – The Managing Director at Copernican Securities and an independent non-executive Director and Chair of the Audit Committee, Risk Committee and Compliance Committee at Macquarie Point Development Corporation. She has served as a pension adviser to the World Bank. She joined the LPFA Board in April 2013 as part of the investment committee and has brought with her wealth of infrastructure investment and pensions experience.
- **Stephen Brooker** – A former partner in Ernst & Young and Finance Director of the British Red Cross. He was a non-executive director of the East & North Herts NHS Trust for 10 years and served a 6 year term as the first independent Chair of the Audit Committee of the Law Society. He is currently one of three independent members of the Audit Committees of the House of Commons and a founding Trustee at the Honorary Treasurers Forum. He joined the LPFA Board on 1<sup>st</sup> January 2013 as a non-executive director. He is a member of the Risk Committee, Remuneration & Nomination and Chairs LPFA's Audit Committee.
- **Stephen Alambritis** – Stephen joined LPFA Board on 1<sup>st</sup> October 2010 and is a member of the Audit Committee and Business & Administration Committee. He is well known for his work with small businesses and was the Head of Public Affairs at the Federation of Small Businesses. He was also a Commissioner at the Equality and Human Rights Commission (EHRC) and is currently a Labour Councillor and Leader of the Council at the London Borough of Merton.
- **Anthony Dalwood** – Tony was formerly CEO of SVG Advisers and Chairman of SVG Investment Managers (SVGIM). He established the public equities business for Schroder Ventures (London) Limited and had the responsibility of managing over £1.5 billion of UK equities while at UBS. He has an honours degree in Economics & Accounting from Bristol University and a degree in Management

Studies from Cambridge University (Judge Institute) and is a member of the CFA Institute. He has recently been named CEO of Gresham House plc as well as an independent non-executive of J.P Morgan Private Equity Limited. He joined LPFA Board on 1<sup>st</sup> October 2010 and Chairs the Investment Committee. He is also a member of the Risk Committee and Remuneration & Nomination Committee.

- **Mike O'Donnell** – A Qualified Accountant, CIPFA member and an MSc holder at the London School of Economics. Mike was Director of Finance for Swindon Borough Council and previously held a number of other senior finance posts in London local government. He is currently the Director of Finance at the London Borough of Camden. He joined LPFA Board on 1<sup>st</sup> October 2010 and is a member of the Audit Committee and Remuneration & Nomination Committee.
- **Robert Vandersluis** – Robert sits on a number of pension boards, and he provides strategic advice to pension fund trustees in Europe, the United States, and Japan as the director of Global Pension Investments at GlaxoSmithKline (GSK). Robert established GSK's London-based pension investment department, where he developed and implemented GSK's interest rate and inflation hedging strategies. He has previously held senior treasury and corporate finance positions at Affinity Sutton Group and FCE Bank plc. He joined LPFA Board on 1<sup>st</sup> October 2013 and chairs the Risk Committee.

## Executive Update

In addition to the Board there have been a number of changes to the LPFA Executive Management Team.

**Susan Martin**, our Chief Executive, continues to lead the Executive Management Team.

- Susan Martin joined the LPFA in April 2007 as Director of Organisational Development bringing over 20 years' experience in managing organisational change, pensions, mergers, acquisitions and partnerships working across all sectors. She has led the LPFA change programme since joining and was promoted to Deputy Chief Executive in 2011, Acting Chief Executive in August 2013 and Chief Executive in December 2013.

The Executive Management Team comprises:

- **Chris Rule** – Chief Investment Officer, joined October 2014

Chris Rule joined LPFA in October 2014 as Chief Investment Officer. He is responsible for managing the Authority's £4.6 billion assets (as at 31<sup>st</sup> March 2015), developing and enhancing LPFA's investment strategy and directing the work of the in-house investment team.

Chris has a wealth of investing and executive experience within asset management businesses. He has held a number of senior positions including Head of Alternatives at SEB Investment Management (Stockholm's Enskilda Bank); CIO of SEB Alternative Solutions and Key Asset Management Ltd.

- **Mike Allen** – Director of Pensions

Mike joined the GLC in 1982 and since that time he has been involved in all aspects of Local Government Pensions with the GLC and subsequently the

London Residuary Body before moving to the LPFA in 1990. Mike was originally responsible for one of the Authority's pension administration teams. Mike now has overall responsibility for managing strategic technical projects such as Liability Managements and Auto Enrolment as well as the pensions reform to the LGPS 2014 and Firefighters' Scheme 2015.

- **Dr Angela Smith** – Interim Chief Risk and Finance Officer, joined June 2015

As Interim Chief Finance and Risk Officer, Angela supervises all financial and risk management matters for the Authority. In a long career spanning most parts of the financial sector and associated consultancy, Angela has held several top level Finance, Risk, Underwriting and Actuarial roles. She was also a big 4 Partner for several years.

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Len Duvall  
Oversight Committee  
Greater London Authority  
City Hall  
The Queen's Walk  
London  
SE1 2AA

28th Sept. 2015

Contact: Greg Smith

Tel: 0207 369 6058

Email: [greg.smith@lpfa.org.uk](mailto:greg.smith@lpfa.org.uk)

Don Law,

I write in my capacity as the new Chair of the LPFA. I have received a letter from Valerie Shawcross, the Chair of the Confirmation Hearings Committee, dated 18<sup>th</sup> September 2015, following my attendance at the London Assembly Confirmation Hearing on Monday 7th September 2015. I understand that the Assembly is seeking more information in regards to some of the issues discussed at the meeting and my response to your questions is included below.

**An update on the progress the LPFA has made in respect of administering pensions on an equal basis to members who are in civil partnerships and those who are married (for example, whether the LPFA has different beneficiary nomination requirements for its members who are in civil partnerships compared to its members who are married).**

*At the LPFA, we apply the same treatment to members in civil partnerships and those who are married. We also use the same forms in correspondence with all members. For example, application for a survivor's pension allows the individual to select between three options: spouse, civil partnership, co-habiting partnership.*

*The Pensions Administration team has been made aware of the Assembly Member Andrew Boff comment. We are always looking to make improvements and so the LPFA pension administrators would welcome an opportunity to discuss this matter in more detail. Mike Allen, our Director of Pensions, will be able to assist with this query and he can be contacted on 0207 369 6039.*

**The LPFA's future investment in carbon fossil fuels and renewables and clean technologies.**

*The LPFA's duty first and foremost is to make investments where we see the best return for our stakeholders. We aim to do so responsibly. Our key aim is to ensure we can continue to pay your pensions when they fall due.*

*Our assets are managed by internal and external fund managers, directly or in pooled funds. Both our internal and external investment managers follow the guidance set out in our statement of investment principles and we continue to meet regularly with them.*

*Our commitment to investing responsibly is integral to our investment decisions and as such we have a recently established Stewardship group, under the oversight of our Chief Investment Officer. It is this group's duty to review and detail regularly where we are investing, our voting intentions, and our communications with fund managers and members regarding these issues. We have also been members of the Local Authority Pension Fund Forum for several years and an early signatory of the UNPRI.*

*At present, we have less than 1% of the fund directly invested in fossil fuels. We have engaged with the Carbon Disclosure project to analyse our internal equity portfolio to give us a greater transparency of our full carbon footprint. The outcome of the analysis put the LPFA in line with other institutional investors on the market.*

*Our objective is to use our influence as a large institutional investor to encourage responsible long-term behaviour in the companies in which we invest directly and through the voting mandates we give to our fund managers. We believe that a fund management approach that incorporates good stewardship and strong governance, along with the evaluation of risks and opportunities is more likely to result in long term benefits for the Fund and society. We believe it is only by engaging with companies can we assure that they have a sound business plan and a long term future.*

*Future investments will depend on the funding gap and the risk adjusted returns of an investment opportunity. Fossil fuel companies are currently some of the largest developers of renewable energy and there is direct social and environmental benefit in supporting them to research, plan and implement solutions for producing clean and sustainable energy and ensuring its delivery to domestic and industrial consumers globally via an infrastructure that "prevents the lights from going out".*



**The future role of the LPFA in investing in housing infrastructure both in the public and private sectors in London.**

*LPFA appraises all investment opportunities with a consistent focus on meeting the objectives of the fund with respect to investment return relative to our liabilities. This includes assessing the potential for delivering capital growth sufficient to reduce the funding deficit, income generation to meet our cash flow requirements and the risk of capital loss and/or underperforming our expectations. We are actively invested across a variety of different asset classes as we believe accessing a broadly diversified range of return drivers is the best way to meet our objectives.*

*Investment into property is an area we have identified of strategic importance for our future asset allocation. Property can provide a compelling combination of return, diversification and inflation linkage. The best example of recent activity specifically related to London is our proposal to invest in the Pontoon Dock development which seeks to provide over 200 new homes in London. Future investments of a similar nature will be actively considered as part of an anticipated wider expansion of our investments into property which may also include purchase of built properties as well as investment into wider infrastructure projects.*

*LPFA would welcome further discussions on opportunities as they arise.*

**The ongoing issue of ensuring that the composition of the LPFA Board is balanced in terms of the gender and ethnicity of its members.**

*The LPFA Board appointments are made on merit against objective criteria with due regard for the benefits of diversity, including gender.*

*The LPFA recognises that boards perform better when they include the best people who come from a range of perspectives and backgrounds, as identified by Lord Davies in an independent review into Women on Boards. We also voluntarily adopt the principles outlined in the UK Corporate Governance Code. It is on the basis of these beliefs that the Remuneration Committee (the Committee) remit was extended to include to nomination and succession planning matters. Expanding Committee's responsibility to include Board member nomination activities mitigated the risk of having an unbalanced Board. It also gives the LPFA Board assurance that Board composition is being driven by a Committee within the LPFA.*

*The Greater London Authority ("GLA") is responsible for LPFA Board appointments and runs the recruitment process. The Committee reviews and evaluates the structure, size and composition (balance of knowledge and skills) on the Board and other Committees and makes appropriate recommendation for appointments or re-appointments to the GLA. Gender equality is one criteria which has previously been fed into the process and we will encourage that to continue.*

*There have been no new appointments to the LPFA Board since December 2013 when the last recruitment process took place following Sarah Smart's departure. At present, the LPFA Board composition is eight members: seven men and one female (87.5%:12.5%).*

*The LPFA has recently entered into a partnership with the Lancashire County Pension Fund. The best governance practices and objective criteria, such as diversity, will be applied across the newly created structure and reflected in the appointment process for the non-executive directors.*

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. Cockell', with a stylized flourish at the end.

Sir Merrick Cockell

CC: Valerie Shawcross, Chair of the Confirmation Hearings Committee

# Subject: Garden Bridge Internal Audit Review

**Report to: GLA Oversight Committee**

**Report of: Executive Director of Secretariat**

**Date: 22 October 2015**

**This report will be considered in public**

## 1. Summary

- 1.1 This report provides background information to the GLA Oversight Committee in putting questions to Clive Walker, Director of Internal Audit at Transport for London (TfL).

## 2. Recommendation

- 2.1 **That the report and the discussion with Clive Walker, Director of Internal Audit at TfL, be noted.**

## 3. Background

- 3.1 The Garden Bridge is a proposed 366 metre pedestrian bridge between the areas of Temple Underground Station on the north bank of the Thames and the South Bank. The Bridge's final cost is estimated at £175 million. The construction and future maintenance of the Bridge is the responsibility of a charity, the Garden Bridge Trust. The Trust will receive £60 million in public funding (£30 million from TfL and £30 million from the Treasury), and is aiming to raise the rest through private donations.
- 3.2 At its meeting on 17 September 2015, the GLA Oversight Committee discussed the procurement of the Garden Bridge's design contract with guests including Richard De Cani, Managing Director of Planning at TfL, Walter Menteth of Walter Menteth Architects and Will Hurst, Deputy Editor of Architects Journal. A full transcript of that meeting can be found at: [www.london.gov.uk/mayor-assembly/london-assembly/oversight](http://www.london.gov.uk/mayor-assembly/london-assembly/oversight)

## 4. Issues for Consideration

- 4.1 The Garden Bridge design procurement process was the subject of an internal audit review, launched by former Transport Commissioner, Sir Peter Hendy, in June and published by TfL on 16 September 2015. Subsequent to this, concerns were raised about how the internal audit review was conducted, and the conclusions reached in the final published version of the review. This meeting will provide

Members with the opportunity to discuss how the review was conducted with Clive Walker, Director of Internal Audit at TfL.

## 5. Legal Implications

5.1 The Assembly has the power to do what is recommended in this report.

## 6. Financial Implications

6.1 There are no financial implications to the GLA arising from this report.

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**List of appendices to this report:** None

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
Contact Officer: Katie Smith, Head of Scrutiny and Investigations
Telephone: 020 7983 4423
E-mail: <a href="mailto:katie.smith@london.gov.uk">katie.smith@london.gov.uk</a>

# **Subject: Assembly Budget Requirement 2016-17**

**Report to: GLA Oversight Committee**

**Report of: Executive Director of Secretariat and  
Executive Director of Resources**

**Date: 22 October 2015**

**This report will be considered in public**

## **1. Summary**

- 1.1 This report sets out the timetable and process for the Assembly to inform the Mayor of the Assembly's estimated 2016-17 budget requirement in advance of the Mayor issuing a draft budget proposal and requests the Committee to agree and recommend to the Mayor the proposed Assembly budget submission for 2016-17.

## **2. Recommendation**

- 2.1 **That the Committee agrees the London Assembly's draft budget requirement for 2016-17 for recommendation to the Mayor, subject to any changes that might be necessary prior to the final agreement on the budget in February 2016 to reflect:**
- (a) **Any further advice from the Executive Director of Resources on contingencies and financial reserves; and**
- (b) **Any changes that emerge during the remainder of the budget process.**

## **3. Background**

- 3.1 The GLA Act 2007 introduced separate component budgets for the London Assembly and the Mayor, with the aim of giving the Assembly more control over its own budget and thus protecting its ability to continue to carry out its statutory functions.
- 3.2 The component budget for the Assembly comprises the estimates for defined expenditure (essentially direct expenditure), income and appropriate contingencies and financial reserves. The component budget for the Mayor comprises those items for the rest of the GLA.

- 3.3 The expenditure that is to be regarded as incurred by the Assembly in the performance of its functions includes any expenditure by the Authority in the performance of its functions which is incurred in respect of any of the following:
- a) the Assembly Members;
  - b) the Assembly Secretariat (defined as employees of the Authority who normally work as support staff for the Assembly or Assembly Members);
  - c) goods or services procured solely for the purposes of the Assembly; and
  - d) the London Transport Users' Committee (London TravelWatch).
- 3.4 Expenditure incurred on accommodation in relation to the Assembly's business and goods and services provided or procured for the Authority in general are deemed by the legislation to be part of the Mayor's budget.
- 3.5 The legislation defines the Assembly's functions as:
- a) such of the functions of the Authority as are exercisable only by the Assembly acting on behalf of the Authority; and
  - b) the Assembly's function of acting jointly with the Mayor in the case of those functions of the Authority which are exercisable only by the Mayor and the Assembly acting jointly on behalf of the Authority.

#### **4. Timetable and Process**

- 4.1 Prior to the Mayor issuing draft budget proposals for the GLA Group for wider consultation (normally in December each year), the Mayor must consult the Assembly before proposing draft budgets for the Mayor and the Assembly. The Assembly's Budget and Performance Committee (in accordance with its agreed terms of reference) will consider those proposals (the draft budgets for the Mayor and Assembly) at its meeting to be held in November 2015.
- 4.2 This report provides the basis for the Committee, on behalf of the Assembly, to inform the Mayor of the Assembly's estimated 2016-17 budget requirement in advance of him issuing a draft budget proposal. It also then provides Members with a reference point for any future discussion with the Mayor on the Assembly's budget throughout the budget process.
- 4.3 The planned timetable and process that will then follow is set out below:

Mid December to mid January	The Mayor consults the Assembly and other appropriate bodies on the draft consolidated budget.
Mid to late January	The Mayor determines the final contents of his draft consolidated budget and presents it to the Assembly at its meeting on 27 January 2016 for the Assembly to approve with or without amendment.



Early to mid-February	The Mayor prepares and presents his final draft consolidated budget with or without Assembly amendments (in the latter case the Mayor must provide a written statement of reasons) to the Assembly on 22 February 2016. The Assembly then approves the Mayor's final draft consolidated budget with or without amendment. The only amendments which can be made are those agreed by at least two-thirds of the Assembly Members voting in favour.
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- 4.4 At the final budget stages, the Committee will note that the GLA Act 2007 limits the Assembly's powers to amend the Mayor's draft component budget requirement for the Assembly by reference to the year-on-year change in the Mayor's draft component budget requirement for the Mayor.

## 5. The Assembly

- 5.1 The primary purpose of the London Assembly is to hold the Mayor to account and investigate matters of interest to Londoners. This is done in a variety of ways including questioning at Mayor's Question Time meetings and other Assembly meetings, investigations and monitoring by the Assembly's committees and panels, individual rapporteurships by Assembly Members and bringing the work, recommendations and views of the Assembly to the attention of key stakeholders. Assembly Members also have a representative role in relation to their constituents.
- 5.2 As there are elections for the Mayor and Assembly in May 2016 the specific objectives and targets will be for the new Assembly to set after the election.
- 5.3 The Secretariat supports the Assembly's functions primarily through the work of three teams:
- Member Services (the staff working for each Party Group/single Member);
  - Scrutiny and Investigations; and
  - Committee Services.
- 5.4 In addition, there is a budget for the Director/Business Support.
- 5.5 The Assembly's budget for 2015-16 totals £7.178 million, as follows:

<b>Budget</b>	<b>2015-16 £000</b>
Assembly Members	1,765
Member Services	2,092
Scrutiny & Investigations <sup>1</sup>	1,536
Committee Services	508
Director/Business Support	221
London TravelWatch	1,056
<b>Total</b>	<b>7,178</b>

<sup>1</sup> Incorporating External Relations function

5.6 The total of £7.178 million is funded as follows:

	<b>2015-16 £000</b>
Business Rates Retention	2,054
Revenue Support Grant	2,541
Council tax	2,615
<b>Total</b>	<b>7,178</b>

The amount raised from the council tax represents a cost to a Band D Council Tax household of less than £1 a year.

5.7 The Mayor's budget guidance issued in July 2015, required each member of the GLA Group to prepare budget proposals consistent with his policy priorities and in particular his commitment to reduce the Council Tax precept by 10 per cent over his Mayoralty. The Mayor invited the Assembly to illustrate savings of £150,000 for 2016/17.

5.8 As has been the case in previous years, managers in the Secretariat have reviewed budgets with the aim of identifying efficiency savings whilst maintaining the support required for the Assembly to carry out its statutory functions. The budget available to the Assembly has fallen from £7.744 million in 2012/13 to £7.178 million in 2015/16 at the same time as covering a widening scrutiny remit including, development corporations, devolution and regeneration alongside a significant increase in the scrutiny of additional policy areas such as health and education

## **6. Potential Savings**

6.1 As a result of the reviews referred to above managers have identified the following areas where efficiency savings can be made. Further savings would have an adverse impact of the Assembly's ability to carry out its statutory functions as there would be less/shallower scrutiny of the decisions and activities of the Mayor and functional bodies and the Assembly's ability to respond to additional, short term issues would be affected. In addition there are many uncertainties around 2016/17 given that there will be Mayoral and Assembly elections in May 2016.

6.2 2016/17

<b>Unit</b>	<b>£'s</b>
Directors Budget	4,000
Committee Services	5,000
Scrutiny	10,000
Member Services	
Labour Group Support	10,000
Conservative Group Support	7,000

Unit	£'s
Travelwatch	20,000
<b>Total</b>	<b>56,000</b>

## 7. Reserves

- 7.1 The Assembly currently has reserves of £1,478,000 of which £860,000 is earmarked for commitments in relation to Assembly Members Resettlement Grant payments and the remainder is to cover any potential redundancy costs in the future and other unforeseen demands on the Assembly's budgets. The maintenance of this reserve becomes even more important as the pressure on the budgets increase.
- 7.2 The Authority's chief finance officer has a duty to report on the robustness of the adequacy of the proposed financial reserves and this will be covered in advice to the Mayor and the Assembly when final budgets are set in 2016.

## 8. Proposed budget submission

- 8.1 As discussions on pension arrangements are ongoing the proposed figure for Assembly Members still includes the 12% Employer contribution to the LPFA pension arrangements which will end on 31 March 2016.
- 8.2 There is also an added significant increase in employers National Insurance (NI) in 2016/17 due to the abolition of the current practice whereby employers receive a NI rebate of 3.4% for contracting out of the second state pension to enter final-salary schemes. The element of the provision required for the increase in NI is £91,000 for 2016/17 .
- 8.3 In light of the information provided above and noting that the budget process does not conclude until February 2016, the proposed budget submission that Members are asked to agree and recommend to the Mayor is currently as follows:

Budget	2015-16 £000	2016-17 £000
Assembly Members	1,765	1,792
Member Services	2,092	2,092
Scrutiny & Investigations <sup>2</sup>	1,536	1,569
Committee Services	508	515
Director/Business Support	221	219
London TravelWatch	1,056	1,036
<b>Total</b>	<b>7,178</b>	<b>7,213</b>

<sup>2</sup> Incorporating External Relations function

## **9. Legal Implications**

- 9.1 Under the GLA Act 1999 (as amended) Schedule 6 paragraph 1(1) the Mayor and the Assembly must prepare and approve for each financial year, in accordance with Schedule 6 of that Act, a component budget for each constituent body and a consolidated budget for the Authority.
- 9.2 By virtue of section 85(3) of the GLA Act 1999 (as amended), the Mayor and the Assembly are separate constituent bodies, for the purposes of budget setting, and the Assembly has its own component budget.
- 9.3 Sections 85 and 86 of the GLA Act 1999 (as amended by the 2007 Act) contain formulas for calculating each constituent body's component budget requirement.
- 9.4 The Assembly's functions are defined in the GLA Act 1999 (as amended) section 85(14) as such functions of the Authority as are exercisable only by the Assembly acting on behalf of the Authority; and the Assembly's functions of acting jointly with the Mayor in the case of those functions of the Authority which are exercisable only by the Mayor and the Assembly acting jointly on behalf of the Authority.
- 9.5 In addition, the GLA Act 1999 (as amended) section 85 (11) defines what expenditure is to be regarded as incurred by the Assembly in the performance of its functions (and therefore to be included within its component budget) as any expenditure by the Authority in the performance of its functions which is incurred in respect of any of the following:
- (a) the Assembly Members;
  - (b) the Assembly Secretariat (defined as employees of the Authority who normally work as support staff for the Assembly or Assembly Members);
  - (c) goods or services procured solely for the purposes of the Assembly; or
  - (d) the London Transport Users' Committee (known as London TravelWatch).
- 9.6 It does not, however, include expenditure by the Authority in respect of (i) accommodation provided or procured in whole or in part for the conduct of the business of the Authority, or (ii) goods or services provided or procured for the Authority in general (see GLA Act 1999 (as amended) section 85 (11-12)).
- 9.7 The GLA Act 1999 (as amended) Schedule 6 sets out the procedural requirements for determining the component budget requirements of the constituent bodies. This applies to the Assembly's component budget and includes a requirement for the Mayor to consult with the Assembly.
- 9.8 Under paragraph D1 of the Terms of Reference of the Assembly's GLA Oversight Committee, that committee has the power to recommend to the Mayor a budget proposal for the London Assembly for the following financial year.
- 9.9 Recommendation 2.1 of this report falls within the powers of the Assembly's GLA Oversight Committee.

## 10. Financial Implications

10.1 These are analysed in the body of this report.

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### List of appendices to this report:

None.

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
Contact Officer: Mark Roberts, Executive Director of Secretariat Telephone: 020 7983 4428 E-mail: <a href="mailto:mark.roberts@london.gov.uk">mark.roberts@london.gov.uk</a>

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# Subject: Devolution Working Group

**Report to: GLA Oversight Committee**

**Report of: Executive Director of Secretariat**

**Date: 22 October 2015**

**This report will be considered in public**

## 1. Summary

- 1.1 This paper proposes that the Committee formally agree the report produced by the Devolution Working Group, *A New Agreement for London*.

## 2. Recommendation

- 2.1 **That the Committee agrees the Devolution Working Group's report, *A New Agreement for London*.**

## 3. Background

- 3.1 The Fiscal Devolution Working Group was established by the GLA Oversight Committee in December 2013. In response to policy developments, at its meeting of 20 November 2014, the GLA Oversight Committee amended the title to the Devolution Working Group and agreed the following amended terms of reference:
- To consider London's case for further devolved services and taxes in the context of developments including the Scottish referendum and the devolved model of service provision announced for Manchester;
  - To progress the case for further devolution to London by developing practical solutions to unanswered questions including how additional powers and yield from any localised taxes could work in terms of the roles and responsibilities of GLA and London Boroughs; and
  - To develop draft position statements for the Assembly's consideration on issues related to the potential further devolution of powers to London Government and any potential changes to governance arrangements within London Government and to take the lead in promoting the Assembly's agreed views on these matters.

- 3.2 The Chair of the Devolution Working Group has agreed in principle, in consultation with party Group Lead Members, the draft report. As the Devolution Working Group was established as a working group, it is not authorised to take formal decisions, and so it recommends this draft report to the GLA Oversight Committee for formal agreement.

## 4. Issues for Consideration

- 4.1 On 10 September 2015, the Working Group published its report, *A New Agreement for London*.
- 4.2 The report can be found at **Appendix 1** for Members and officers only and on the London Assembly website at: <http://www.london.gov.uk/mayor-assembly/london-assembly/publications/a-new-agreement-for-london>
- 4.3 The report made a number of arguments for fiscal devolution, including full business rate localisation, and for further public service reform in order to enable London government to better meet the needs and demands of its growing population.
- 4.4 The GLA Oversight Committee is now asked to agree the report formally. Officers confirm that the report and its findings fall within the terms of reference.

## 5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in this report.

## 6. Financial Implications

- 6.1 There are no direct financial implications arising from this report.

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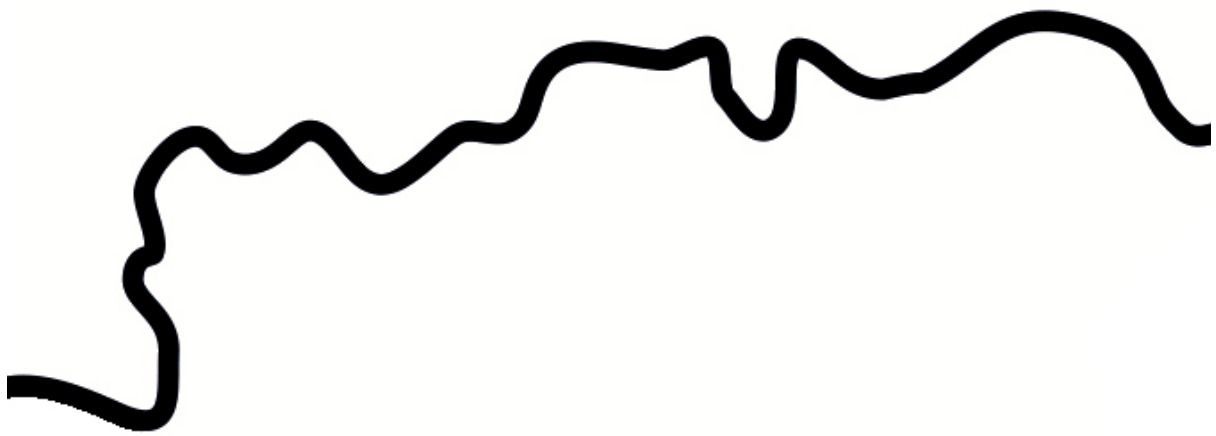
### List of appendices to this report:

Appendix 1: *A New Agreement for London*

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
Contact Officer: Richard Derecki, Senior Manager
Telephone: 020 7983 4899
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# A New Agreement for London



September 2015

## Devolution Working Group

Darren Johnson (Chair)	Green
Len Duvall (Deputy Chair)	Labour
Andrew Boff	Conservative
Caroline Pidgeon MBE	Liberal Democrat

### The Devolution Working Group

The Fiscal Devolution Working Group was established by the GLA Oversight Committee in December 2013. In response to policy developments, at its meeting of 20 November 2014, the GLA Oversight Committee amended the title to the Devolution Working Group and agreed the following amended terms of reference:

- To consider London's case for further devolved services and taxes in the context of developments including the Scottish referendum and the devolved model of service provision announced for Manchester;
- To progress the case for further devolution to London by developing practical solutions to unanswered questions including how additional powers and yield from any localised taxes could work in terms of the roles and responsibilities of GLA and London Boroughs; and
- To develop draft position statements for the Assembly's consideration on issues related to the potential further devolution of powers to London Government and any potential changes to governance arrangements within London Government and to take the lead in promoting the Assembly's agreed views on these matters.

### Contact

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## Foreword

London has made a success of devolution. Its model of a directly elected Mayor held to account by an elected Assembly has delivered a form of city government that is effective, open and transparent, and commands the confidence of Londoners.

As other cities and city regions begin to put together their proposals for devolution measures, it is right that London government sets out its case for why further powers and responsibilities should be devolved from Whitehall.

The challenges that London faces are formidable: they include boosting housing supply, creating more jobs, getting more people back to work, improving health outcomes and cutting crime. Giving London government and the boroughs the ability to deliver public services more effectively and with better outcomes will be part of the solution.

The London Assembly's Devolution Working Group has taken evidence from a range of influential politicians, experts and commentators to critically assess the case. Our report, signed off by all four Party Group leaders, sets out the basis for a new London Agreement with Government.

The next stage of devolution to London should include two elements: fiscal devolution and the re-design of public services. This report contains proposals for short-term measures which could be introduced relatively quickly and without the need for primary legislation. It also makes more radical proposals that would require wider consultation and take a longer time frame to realise.

London can learn from the experience of other large cities. In New York and Tokyo, for example, city mayors have more power than the London Mayor, and have larger budgets to deliver more services; but they are held in check by strong scrutiny arrangements.

Our report proposes an expansion in the powers of the Mayor and greater responsibilities for the boroughs. But as the Mayor's responsibilities increase there needs to be strong scrutiny arrangements to provide Londoners with the necessary check and balance to ensure they have the fullest confidence in the way their city is governed. Our report therefore also sets out measures to enhance the scrutiny powers of the Assembly.

A handwritten signature in black ink, appearing to be 'D.J.' followed by a long horizontal stroke.

Darren Johnson – Leader of the Green Group

A handwritten signature in black ink, appearing to be 'Caroline Pidgeon'.

Caroline Pidgeon – Leader of the Liberal  
Democrat Group

A handwritten signature in black ink, appearing to be 'Len Duvall'.

Len Duvall – Leader of the Labour Group

A handwritten signature in black ink, appearing to be 'Andrew Boff'.

Andrew Boff – Leader of the Conservative Group

## Executive summary

### **A new Agreement for London**

Devolution works. It makes government more open, more accountable and more relevant to local voters.

London has made a particular success of devolution. Since the creation of the Mayor and London Assembly in 2000, the UK's capital city has emerged as a leader amongst world cities. At the UK level, it is the biggest single net contributor to both the economy and government finances. London has led the UK's economic recovery and over the past decade has created over three quarters of a million new jobs.

Throughout, London government has played a central role in supporting the city's success, delivering major infrastructure projects including an Olympic and Paralympic Games widely seen as one of the most welcoming ever, a massive £5.5 billion Tube upgrade and over 160,000 affordable homes. The Government is now asking other cities and regions to base their devolution bids on the London Mayoral model, a clear sign of its success.

However, London now faces new challenges. Its population is headed towards 10 million by 2030. As a result, London needs to dramatically increase its housebuilding programme, to develop a high tech, high skilled economy, and to support more people back into work. We need to improve health care and further cut crime rates. Further devolution to London will play an important part in this and should include two elements: fiscal devolution and the re-design of public services.

#### **Fiscal devolution to better support a growing city**

London government needs fewer borrowing constraints and greater devolved tax powers. These changes would re-balance the relationship between central and local government, allowing London government to invest more independently, comprehensively and flexibly to meet local needs.

Devolving fiscal powers will also meet a number of central Government's concerns. The Mayor's current proposals can, according to him, be cost-neutral to the Exchequer. They will also serve to meet widespread concern that central

Government favours London over the rest of the UK in its own investment strategies.

As a first step, the Government should fully devolve business rates to London. Not only is there is widespread support for this proposal but the Government's own research indicates that business rate retention can stimulate new businesses and help to expand existing ones. The Mayor should have the same financial powers and responsibilities with respect to business rates as the Scottish and Welsh devolved administrations.

Over the longer term, the Mayor and GLA should, in line with the recommendations from the London Finance Commission, gain greater control over stamp duty. Devolving control of this tax would allow more flexible funding of housing and transport initiatives and allow for more responsive regional initiatives to support growth.

#### **Public service devolution to boost London's productivity**

Some public services urgently need to be devolved. The current, centralised system of governance, with its over-emphasis on national delivery models, is not creating effective local outcomes for London, particularly in areas such as skills and employment support, and rail services.

This programme of devolution will help London government to become more dynamic and responsive, better preparing it to meet the challenges in the next two decades:

- **Devolution of skills budget** - The Mayor should negotiate with Government to fully devolve to the GLA the Skills Funding Agency's allocation for London. The Local Enterprise Partnership will advise the Mayor so that funding is aligned to London's jobs and growth agenda and college courses better meet the needs of local employers.
- **A single pot for employment support** - Employment support programmes are under-performing in London. All funding for these programmes should be brought together under a single pot and devolved to the Mayor, in the first instance, before being further devolved to local authorities. Boroughs in sub-regional partnerships would then have an incentive to work with the LEP, to better plan and integrate their employment support programmes with local job creation.

- **Rail devolution to better link Londoners** - Control of suburban routes is currently split between nine different Train Operating Companies, resulting in huge variations in passenger satisfaction, fares and ticketing policy, station upgrades and service reliability. Transport for London has already demonstrated significant success in managing suburban rail networks and most major rail franchises come up for renewal between 2017 and 2022. This represents an excellent opportunity for the Department for Transport to re-examine its position and commit to devolving rail suburban rail services more broadly.
- **A London Health Commissioner** - The post of a London Health Commissioner should be created. Public Health England should revisit plans to top-slice three per cent of the London Public Health budget to give to City Hall to galvanise action to tackle London's many public health challenges. A dedicated budget would give the London Health Commissioner the ability to monitor the Government's public health outcomes framework and enable innovative pan-London pilots to be trialed.

### **The case for a more radical agreement with the Government to improve health care and cut crime**

This report sets out the basis for a new London Agreement with central Government. In addition to our shorter term proposals above, we also need a more radical rethink over the longer term. Our report therefore also proposes aspirations in respect of health care and criminal justice:

- **Primary and acute health care** - London faces huge challenges in delivering health care. Yet there is a democratic deficit in terms of decision-making, with residents unclear as to who is making the decisions that will affect the shape of the healthcare provision in their area. A well-resourced London Health Commissioner would be able to advise the Mayor on a vision for how London's health and social care services need to adapt to face the challenges of a rapidly growing but also ageing population. The London Health Commissioner would have oversight of the finances of the regional health economy as a whole and address workforce issues to help health workers to be able to live close to where they practice. There could finally be a detailed discussion about the merits of integrating the London Ambulance Service with the fire and police services, which the Mayor already manages, to create a modern and efficient first responder service. This type of strategic work would for the first time be done at City Hall, bringing greater transparency and accountability to long-term health care planning.



- **Improving the criminal justice system in London** - The criminal justice system in London should be accountable just as is the Metropolitan Police Service. There is a strong argument that devolution would make the criminal justice system speedier and more cost-effective, through for example, co-locating Met officers and Crown Prosecution Service staff, and through using the same IT systems. Devolution could make it easier to provide a 'whole-person' approach to commissioning, including a 'beyond-the-prison gate' package of services and support for all those who have been through the criminal justice system to more effectively reduce offending.

### **Balancing the power: an enhanced London Assembly for an increasingly devolved London government**

Further devolution to London government will need to be balanced by effective and appropriate scrutiny arrangements. Through its committees, the Assembly oversees all the areas where the Mayor has power or influence. As his powers change, so those of the Assembly must develop in tandem.

The central role of the London Assembly is to hold the Mayor to account. It uses a variety of powers to ensure the GLA is transparent, and that all decision making is accounted for. The centrepiece of the Assembly's work programme is detailed scrutiny, and approval, of the Mayor's draft budget, which amounted to £17 billion in 2015/16.

The Assembly must play a key role in overseeing any agreed devolution package. In addition to its core powers, it should have the powers to:

- require the Mayor to publish a forward plan of decisions which would increase the transparency of City Hall decision-making;
- veto Mayoral amendments to a future devolved business rate;
- amend the capital budget;
- summon information and cooperation from bodies outside the GLA group that are appointed by the Mayor or have a significant London-wide role to play in delivering his strategies;
- reject the Mayor's Police and Crime Plan;
- use a power of veto, via a binding confirmation hearing, to reject key Mayoral appointments (deputy mayors); and potentially
- to amend at a programme level, the Mayor's budget.

London can learn from the experience of other large cities. In New York and Tokyo, for example, city mayors have more power than the London Mayor, and have larger budgets to deliver more services; but they are held in check by strong scrutiny arrangements.<sup>1</sup> As a result, mayors and city councils work more collaboratively. Over the longer term, the Government should work towards giving the London Mayor and the Assembly legislative power in areas such as public health and alcohol licensing.

As the London Mayor takes on new roles and looks to raise and spend larger sums of money, the Assembly's democratic function needs to keep pace, to provide Londoners with the necessary check and balance to ensure they have the fullest confidence in the way their city is governed.

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<sup>1</sup> Background papers on the governance arrangements for New York City and Tokyo are available on the Devolution Working Group's landing page.

# 1. The Challenge

London has made a success of devolution. Since the creation of the Mayor and London Assembly in 2000, the UK's capital city has emerged as a leader amongst world cities. London is the leading global hub for financial and business services, rivalled only by New York, and is now the world's most visited city.<sup>2</sup> The capital is the biggest net contributor to both government finances and the UK economy. London has led the economic recovery and over the past decade has created over three quarters of a million new jobs.<sup>3</sup> London Government has played a central role in supporting the city's success delivering major infrastructure projects including an Olympic and Paralympic Games widely seen as one of the most welcoming ever, a massive £5.5 billion Tube upgrade and over 160,000 affordable homes (some 25 per cent of the total number of affordable homes delivered across the country). That the Mayoral model used in London is now the basis for similar devolved systems across England today is a sign of its success.

Devolution works because it makes government more open, more accountable and more relevant to voters. This was the original ambition for the establishment of the Greater London Authority.<sup>4</sup> Commentators and the public agree that more local decision making increases transparency and ensures clear lines of accountability.<sup>5</sup> Successive governments have recognised the advantages of the Mayoral/Assembly model and have added powers and budgets to its remit through legislative change. Appendix A traces that evolution.

London's population is headed for 10 million by 2030. This massive demographic pressure is the key challenge facing the city. We need more housing and more jobs. London needs a dramatic increase in home building to address the problems generated by years of under-supply. Meeting this demand requires new approaches to housing delivery across the capital. London government needs greater flexibility in terms of access to surplus public sector land, greater freedom to borrow prudentially, and needs new powers to speed up delivery of new homes in the capital. It will be crucial to ensure that funds raised from selling council homes in

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<sup>2</sup> *London 2036; an agenda for jobs and growth*, the London Enterprise Panel and London First, January 2015, pg 12

<sup>3</sup> *Cities Outlook*, Centre for Cities, January 2015, pg 12

<sup>4</sup> Second reading of GLA Bill, HC Deb 14 December 1998 vol 322 cc623-733 623. The Greater London Authority comprises the Mayor and London Assembly.

<sup>5</sup> *The Future of England: the local dimension*, IPPR, April 2014, pg 2

the capital are reinvested in affordable housing and Government proposals to introduce the right to buy for housing association tenants support, rather than undermine, additional new housing supply.

London government needs to lead the development of a high tech, high skilled economy that will provide many of the jobs needed over the next fifteen years and boost productivity not only in London but also across the UK. It needs to redesign policies to support people back into work and on to better paid jobs and it needs to champion reform of health and social care to improve the health of Londoners.

#### *A new phase of devolution across the UK*

For all parts of the UK, there is evidence of the Government's continued commitment to transfer powers and resource from Whitehall to nations, cities and regions. Government accepts that better outcomes are achieved when decisions are made closest to where those decisions will have effect.<sup>6</sup> For this reason, Scotland and Wales are gaining significant control over taxation, most notably for business rates, stamp duty and, at least in part, income tax and borrowing. And cities and local government in England are gaining greater control over some spending programmes through the City Deals and bids to the Growth Fund.

Of more significance for English cities and regions, the *Cities and Local Government Devolution Bill* will create a framework for the implementation of devolution agreements with combined authority and other areas. This is enabling legislation which can be applied flexibly to different areas by secondary legislation. Most significantly, it is the legislation which will deliver the Greater Manchester Agreement (the Agreement). This Agreement, announced in November 2014, creates a new governance structure of a directly-elected Mayor and Cabinet of local authority leaders. The Agreement builds on the London Mayoral model giving similar powers already devolved to London, such as control of a multi-year transport budget, strategic planning powers and control of housing investment. However, the Greater Manchester Agreement goes further than the London model by proposing devolution of some elements of welfare spending (for example, to tackle complex dependency and to support people back into work), business support and skills funding. Most strikingly, the proposed integration of the health and social care budgets is a radical move to create a more effective "whole person"

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<sup>6</sup> In a speech delivered by the Chancellor George Osborne on 14 May 2015 announcing his plans for devolution to cities, he stated that decentralising power would provide "a revolution in the way we govern England. It's power to the working people of our country. And it means a stronger democracy and greater prosperity for all."

approach to care and to drive financial efficiencies. There are elements of these proposals that should now come to London.

The scrutiny arrangements are, however, different. Scrutiny is delivered in the Greater Manchester model in two ways. Firstly, by its own executive with the Cabinet having the ability to reject strategies if two-thirds of them agree. This is problematic as scrutiny of the executive by the executive is not readily transparent – a value that must be at the heart of devolution. Secondly, scrutiny is also to be delivered by the Greater Manchester Scrutiny Pool which is expected to take on the task of holding the Mayor and Cabinet accountable for all their spending and decision-making but without any powers. The Scrutiny Pool is made up of politicians with very local electoral mandates and in its current form typically receives presentations from executive office holders. Given the size of the budgets which the Mayor and Cabinet of local leaders will control, which run into hundreds of millions of pounds, it is not yet clear how effective and open budgetary scrutiny will be managed.

Here in London, the London Assembly, which is tasked with scrutinising the Mayor, combines links with London boroughs through its 14 constituency members, with a pan-London mandate through its 11 London-wide members. The use of this proportional representation electoral system ensures the Assembly more accurately reflects the will of all London voters. It also means that Assembly Members elected with a London-wide mandate are not compromised in having to represent local interests at the same time as having to scrutinise the pan-London policies and strategies of the Mayor.

The London Assembly also has powers to check Mayoral budget and planning decisions, which protects Londoners from poorly-evidenced decisions or those taken without full consultation. In this way, the Assembly ensures the accountability and transparency of those services, decisions and powers devolved to London.

## 2. A new phase of devolution for London

Over the past two years, the London Mayor and London Councils have concentrated their energies on pressing the case for fiscal devolution, with little success. In a pre-election announcement of a long term economic plan for London,<sup>7</sup> the Government proposed a modest set of devolution measures: a commitment to fund the transport investment budget out to 2020, the announcement of nine new housing zones and devolved powers over river wharves. But, as Sir Edward Lister, the Mayor's Chief of Staff, noted in comments to our Devolution Working Group "these things...are probably fairly low-hanging fruit in reality", and do little to address the issues outlined in Chapter 1 that London so sorely needs to address.

This report builds on the devolution proposals set out by the Mayor and London Councils at the July 2015 Congress of Leaders meeting.<sup>8</sup> Their "London Proposition" is a welcome and long overdue development but which in some areas is not ambitious enough to meet the challenges London's growth will bring. It does not press for fiscal devolution which we feel is a missed opportunity. And devolution will only succeed where it is transparent and has appropriate and relevant checks and balances to ensure good performance and value for money.

Alongside proposals for where and how devolution could support both the London and UK economy, there are plans for a new pan-London partnership between the London Mayor and the executives of London's 32 boroughs and the City of London to cover areas such as health and skills. The "London Proposition" recognises that this pan-London governance system will need to be balanced by effective and appropriate scrutiny arrangements<sup>9</sup> and that the Assembly as the London-wide scrutiny body has a "critical role"<sup>10</sup> in relation to the proper governance of an agreed devolution package, a point Mayor Jules Pipe (Chair of London Councils)

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<sup>7</sup> 'Long term economic plan announced by the Chancellor and the Mayor of London', HM Treasury Press Release, 20 February 2015

<sup>8</sup> 'The London proposition: Devolution and public service reform, Congress of Leaders meeting, 14<sup>th</sup> July 2015

<sup>9</sup> While it is expected that decisions of the Congress Executive will normally be on a consensual basis, some decisions can be agreed by a majority of the London Councils' Executive and the Mayor. Some issues will be a reserved matter for the whole Congress, while others face a threshold for agreement of 26 of the 33 authorities and the Mayor. This is similar to the arrangements being proposed for the Greater Manchester Mayoralty. There is as yet no detail as to which matters or areas will be subject to which level of agreement.

<sup>10</sup> *ibid*

made in testimony to the Assembly's Devolution Working Group.<sup>11</sup> With a stronger Mayor than in the Manchester model London needs stronger scrutiny arrangements.

*The need for enhanced powers for the Mayor and London Councils...*

The next stage of devolution to London should include two elements: fiscal devolution and the re-design of public services. This report contains proposals for short-term measures which could be introduced relatively quickly and without the need for primary legislation. It also makes proposals that would require wider consultation and take a longer time frame to realise.

Fiscal devolution is needed to enable London Government to raise more of the money it needs and so reduce its dependency on central government. This would allow it to deliver services more flexibly, as service delivery will no longer be tied to specific ring fenced grants from central government, and to self-generate the funds for its key infrastructure requirements, particularly housing and transport.

Devolution of some public services, notably in the skills sector and in the delivery of employment programmes, is required because the current system is not functioning as effectively as it could. An over-centralised system of governance and an over-emphasis on national delivery models do not deliver the outcomes required at a local level.

Looking to the longer term, we need a more radical rethink. The GLA is held back by having differing levels of power in different policy areas. As the Communities and Local Government (CLG) Select Committee noted, "aside from those for transport, housing and economic development, where he has executive responsibilities and budgets, the Mayor must rely on persuasion and influence to ensure they are implemented".<sup>12</sup> This means that for those additional statutory strategies which the Mayor is obliged to produce, including culture and health inequalities, neither he nor other tiers of London Government have influence over the bodies that deliver in these areas. They continue to look to Whitehall for direction. It is time for that to change.

In light of new challenges, this report sets out a proposal for a set of powers and services to be devolved to the Mayor and London Councils. These relate to fiscal powers, skills budgets and employment support, suburban rail lines and our longer

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<sup>11</sup> Transcript, Devolution Working Group, 26 February, pg 12.

<sup>12</sup> Transcript, Devolution Working Group, 22 June, pg 6.

term aspirations in respect of health and criminal justice. Our proposals for a new agreement with government are summarised in Appendix B.

There is then the question of which level of government is appropriate to deliver which services. A new London Agreement with the Government will need to distinguish between **strategic** and **local** devolution. Some roles will be best suited to Mayoral control, while others better suited to local control at the level of boroughs or groups of boroughs. There will need to be clarity so that neither tier of government will have a veto over the other. For example, if there is local ambition for co-commissioning of primary care services then, subject to sufficient local scrutiny, we would not expect the Mayor to have a role in this sphere. Equally, we would anticipate that in relation to the control of tax raising powers, the Mayor would be in the driving seat. This principle of mutual respect is already recognised by the Mayor and the London Councils where all areas of activity currently under the authority of either the Mayor or the London boroughs remain sovereign to each individual body. The proposals currently being developed by the London Congress must clearly set out which devolved powers will lie at which level.

*...and stronger accountability powers for the Assembly*

Governments have long accepted that as the powers of London's Mayor change then the powers of the Assembly should also move in tandem. Legislation that changed Mayoral powers in 2007 and 2011 also increased the powers of the Assembly, introducing the ability to reject statutory strategies and non-binding confirmation powers over some senior posts.<sup>13</sup> The central role of the London Assembly is to hold the Mayor to account, and to investigate issues of importance to Londoners. The Assembly uses a variety of powers to ensure London Government is transparent, and that all decision-making is accounted for. The centre piece of the Assembly's work programme is detailed scrutiny, and approval, of the Mayor's draft budget (which amounted to around £17 billion in 2015/16), which includes the spending of Transport for London and the Metropolitan Police Service, among other bodies. The Assembly also votes on the Mayor's proposal for the Council Tax precept.

Through its committee system, the Assembly provides oversight of all areas where the Mayor has power or influence. It is tasked to review and comment upon new policy developments: its recent work putting forward the case against the use of water cannon in London, which the Home Secretary ultimately declined to licence,

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<sup>13</sup> See for example 'The Greater London Authority', House of Commons Briefing Paper 05817, pgs 8-9



is a good example of its work. The Assembly also has the scope to develop new policy ideas and to press the Mayor for implementation. Recently the Assembly has, for example, championed the adoption of flexible ticketing arrangements that have been introduced by TfL to help encourage part-time working. In addition, it can take the lead on issues that the Mayor may not initially prioritise. For example, over the past 10 years, the Assembly has repeatedly highlighted the public health dangers of poor air quality. Since 2009, the Mayor and others have, following Assembly recommendations, taken action such as: quantifying deaths from air pollution at local and London levels; ordering an Ultra-Low Emission Zone (ULEZ) in central London; setting fleet-wide standards for emissions from buses and; providing air pollution data in real time to policy-makers and also the public.

As the role of the Mayor changes, then the powers of the Assembly will need to be enhanced to maintain that necessary check and balance. **There are some modest changes that could be implemented quickly to strengthen the Assembly's powers of oversight and increase accountability as the Mayor's role expands: for example by requiring the Mayor to publish a forward plan of decisions which would increase the transparency of City Hall decision-making and by having powers to amend the capital budget.**

**There should also be a power to reject the Mayor's Police and Crime Plan to make this consistent with the Assembly's powers over the other Mayoral statutory strategies, which was one of the recommendations of the CLG Select Committee report in 2013.**

**Furthermore, given their importance in relation to policy development and implementation on behalf of the Mayor, the Assembly should have a power of veto, via a binding confirmation hearing, to reject section 67 (1) appointments (currently called deputy mayors). This would bring the Assembly's role in line with its powers in relation to a deputy mayor for police and crime (where an Assembly Member is not that person).**

Under the current Government's and Mayor's plans it is likely that more services will be delivered by private companies or third sector organisations. Public money will increasingly be spent without clear lines of accountability to London Government. To enhance accountability to Londoners, **the Assembly should be empowered to summons information and cooperation from bodies outside the GLA group that are appointed by the Mayor or have a significant London-wide**

**role to play in delivering his strategies.**<sup>14</sup> This principle is recognised for other devolved bodies. For example, the Smith Commission’s proposals for further devolution of powers to the Scottish Parliament lists a wide range of national bodies (eg OFCOM and OFGEM) which should lay reports, and appear, before committees of the Scottish Parliament.

There are ways of working that London can learn from other large cities, such as New York and Tokyo, which have similar Mayoral models of government.<sup>15</sup> In those cities, city government is accountable for a greater range of services and has more levers to help meet the needs of its people. These Mayors are more powerful and have larger budgets raised from local taxes and charges, but they are held in check by strong scrutiny arrangements. This relationship is a more balanced one than the London model and there is a greater partnership between the Mayor and City Council to reach decisions. As the London Mayor takes on new roles and looks to raise and spend larger sums of money then, as Professor Tony Travers, the London finance expert, has noted “the balance of power between the executive and the scrutiny part of the [London] system [will] have to be re-examined.”<sup>16</sup> One option to enhance budget accountability would be to give the Assembly the ability to amend the budget at individual programme level.

Over the longer-term, the Government should work towards giving the Mayor and the Assembly legislative power in areas such as public health and alcohol licensing. While we accept that this is a significant change in the GLAs statutory role, there is clear evidence that city government can move more quickly to address public health concerns at a citywide level instead of having to wait for national decisions to be taken. The move to create smoke-free public areas has been led by city governments both here and abroad. In the UK, the smoke-free campaign was led most notably by Liverpool, which at one point pressed for the ability to take citywide action, and through a wide body of work initiated by the Mayor of London, the London Assembly and London Councils.

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<sup>14</sup> The relevant bodies are: London Waste and Recycling Board, London Pension Fund Authority, Museum of London, NHS London, the London Ambulance Service, Environment Agency, Royal Parks Agency and Constabulary, British Waterways, Commission for Architecture and the Built Environment, Arts Council and English Heritage London Advisory Committee, the Port of London Authority, the Higher Education Funding Council for England, and the Civil Aviation Authority.

<sup>15</sup> Background papers on governance in New York city and Tokyo are on the Devolution Working Group landing page.

<sup>16</sup> Transcript, Devolution Working Group, 22 June 2015

### 3. Fiscal devolution to better support a growing city

The London Finance Commission was established by the Mayor in 2012 to report on how to develop improved funding arrangements for London. London government needs fewer borrowing constraints (such as the Housing Revenue Account) and greater devolved tax powers to enable it to invest more comprehensively without the need for ad hoc, project-by-project financing arrangements.

The London Finance Commission report, published in May 2013, sought to establish robust arguments in favour of the devolution of London's property tax revenue streams - including council tax, stamp duty land tax and business rates - which account for roughly 11 per cent of all the tax paid in London.<sup>17</sup> The proposals are similar to recent reforms in Scotland and in Wales and could work for other cities and city regions.

The Mayor has argued that the proposals would be cost neutral to the Exchequer at the point of devolution and would "provide cities with the means and incentives to grow their economies, including the appropriate balance of skills, infrastructure, and other economic development expenditure, and therefore their tax bases."<sup>18</sup> These measures would re-balance the relationship between central and local government, giving greater autonomy and flexibility for money to be better spent to meet local need, and would thereby address the long-standing financial weakness of English cities in comparison to their foreign counterparts.

So far, the Chancellor has not responded favourably to the arguments presented by London government in support of fiscal devolution. In testimony to the London Assembly's Devolution Working group, Sir Edward Lister stated that "the Chancellor is not prepared to take on the issue of fiscal devolution for us here and indeed he hasn't for the rest of the country either...[However] I think this is still work

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<sup>17</sup> *Raising the Capital: The Report of the London Finance Commission*, London Finance Commission, May 2013, pgs 57 - 73

<sup>18</sup> The letters were jointly signed by the Mayor and Jules Pipe, as Chair of London Councils and Sir Richard Leese on behalf of the Core Cities.

outstanding and the Mayor is quite clearly committed to lobbying for more fiscal devolution. I do not think we have lost that war.”<sup>19</sup>

The London Assembly has long argued in favour of greater fiscal devolution to London. In a joint piece of work with London Councils and ahead of the introduction of the 2007 GLA Act, the Assembly argued that the small proportion of taxes raised locally to fund public services meant that London remained at the “mercy of central government”. The report, *“A New Settlement for London”*, set out an agreed position calling for re-localising the business rate and the ability to pilot new local taxes.<sup>20</sup> More recently, in the Assembly’s response to the Mayor’s draft Infrastructure Plan, we highlighted the sheer scale of the capital investment needed to meet the demands of our rapidly growing population and noted the need for innovative forms of financing to ease the demand on central government grant.<sup>21</sup>

#### *The rationale*

London’s funding arrangements need to equip London government with the flexibility to support new growth initiatives, to respond to the fast changing economy and to raise the necessary investments in housing and transport to accommodate projected population growth. Even though the return on public investment in London is often higher than it would be elsewhere, other regions continue to experience a sense of injustice and neglect in the face of the volume of new investment in the capital. By giving London the means to fund more of its own infrastructure and other needs, the Government will reduce the pressure on central resources at a time when it wants to avoid being seen as favouring London.

With greater fiscal devolution, London Government will bear the risk and reward of managing its own revenue stream and will not have to routinely re-negotiate its settlement with central government. This will bring a greater degree of financial certainty into long-term planning and help to create future borrowing opportunities for investment

There are two positive effects for the UK as a whole: if through devolving property taxes to London government, the London economy grows faster than forecast, then the Exchequer will gain from the increase in value of other taxes paid in London. If, on the other hand, the London economy falters and does not grow as fast as the UK as a whole, then as Professor Tony Travers pointed out “the losses would be kept in

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<sup>19</sup> Transcript, Devolution Working Group, 26 February 2015, pg 2

<sup>20</sup> *A new settlement for London*, Commission on London Governance, February 2006, page 59

<sup>21</sup> Letter from the London Assembly Planning Committee to the Mayor, 12 June 2014

London and actually the rest of the country would be protected from these [losses].”<sup>22</sup>

**Fiscal devolution will act as a powerful incentive to promote and sustain London’s economic dynamism. The London Assembly therefore reiterates its support for the devolution of property based taxes to the capital and calls on the Mayor and London Councils to continue to make the case for fiscal devolution. As many of these taxes are already being devolved to Scotland, there can be no technical reason preventing London from being given the same benefits. We believe fiscal devolution to be a form of strategic devolution and the Mayor should therefore have sole authority, subject to consultation and scrutiny. We would not expect London Councils to have a veto. In line with this, scrutiny and accountability should be the responsibility of the London Assembly.**

*A first step – full devolution of business rates*

**There is widespread support for full localisation of the business rate to London government.**<sup>23</sup> The Government’s own research indicates that business rate retention can stimulate the growth of new business and the expansion of existing ones.<sup>24</sup> The need is for greater flexibility at a pan-London and sub-regional level to allow for exemptions to support new growth clusters and to better reflect the changing structure of the London economy. Bringing this tax raising power down to the London level would strengthen the relationship between the administration and enforcement of property taxation in the capital and its application for the delivery of services and infrastructure.<sup>25</sup>

In April 2013, the Government introduced the business rates retention scheme. The objective of the new regime was that local authorities (and the GLA) should be able to retain a proportion of the increase in their business rates revenue to incentivise and reward them for delivering growth in their area. There is some early evidence of success: Westminster Council for example, has used funds from its business rate retention scheme to create a Civic Enterprise Fund to support a number of entrepreneurs and early stage businesses, creating new job opportunities for local people and additional value to the local economy.

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<sup>22</sup> Transcript, Devolution Working Group, 22 June, pg 5.

<sup>23</sup> See for example the Joint response to the Government’s Review of Business Rates from among others London Councils, Westminster Council, and London Chamber of Commerce:

<sup>24</sup> *Business rates retention scheme*, Communities and Local Government, May 2012

<sup>25</sup> Ibid.

In London, the GLA receives 20 per cent of all business rates income collected in the capital – 40 per cent of the locally retained share.<sup>26</sup> But we can and should go further. **Our proposal is that the Mayor should have the same powers and responsibilities as the Scottish and Welsh devolved administrations in relation to business rates** – including the ability to determine the timing of revaluations, the setting of the non-domestic rating multiplier, relief and discount policies and the ability to use locally-raised revenues in a targeted way to deliver infrastructure, housing and transport investment.

#### *What needs to happen?*

The ability to change the amount of business rate that comes to London Government and the boroughs can be largely achieved by amendments to secondary legislation (in this case, the statutory instruments accompanying the 2012 Local Government Finance Act).<sup>27</sup> To make this move cost neutral to the Treasury, there will need to be offsetting adjustments to the GLA's and London boroughs' government grants. One option could see the GLA and London boroughs' share of the total business rate yield increased and the non-specific revenue grants they receive from Government correspondingly reduced. For example, the relative certainty of the business rate income stream could replace the less predictable Transport and Home Office policing grant which in total comes to around £2.4 billion.<sup>28</sup> This would give the Commissioners who run the transport system and the police a degree of multi-year financial certainty they have long called for. As Craig Mackey QPM (Deputy Commissioner, Metropolitan Police Service) said in testimony to the Assembly's Police and Crime Committee "It is incredibly difficult planning a budget of this size and complexity on an annual, 'Here is the announcement for this year'. Please give us multi-year settlements, even if they are challenging. It is easier to plan given the time it takes to implement some of the things we need to do".<sup>29</sup>

The Treasury needs assurance that this devolution will be managed in a way to both protect ratepayers from the risk of unreasonably high business rate increases and to ensure that its yield will be used effectively. This could be achieved by the London Assembly having a veto on the Mayor's ability to amend the business rate or offer exemptions as it does in respect to the Mayor's budget. This will ensure

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<sup>26</sup> Billing authorities retain 30 per cent of total business rates income; central government receives 50 per cent.

<sup>27</sup> Giving London Government the ability to alter the business rate multiplier, which determines the number of pence per pound of rateable value to be paid, would require primary legislation.

<sup>28</sup> The Government is currently consulting on reforms to the arrangements for allocating funding to police forces in England and Wales: More details can be found on the Home Office website

<sup>29</sup> Transcript, London Assembly Police and Crime Committee, 18 December 2014.

transparency, a clear mechanism for accountability and a check and balance should any Mayor operate in an unreasonable manner or without consultation.

#### *Over the long term – devolution of stamp duty*

Proposals to devolve stamp duty, which could be used to fund borrowing to support housing and transport infrastructure needs, will necessarily play out over a longer timeframe and are more complex to implement. The Scottish Government is now responsible for setting the bands and the rates for stamp duty (in Scotland, the Land and Building Transaction Tax). This has required primary and secondary legislation and the establishment of a new collection authority *Revenue Scotland*, responsible for the collection and management of the devolved taxes. There are significant administrative costs, running to approximately £21m for initial set up for the first five years.<sup>30</sup>

While the London Finance Commission did propose the devolution of stamp duty to London Government, it is a volatile tax subject to the fluctuations of the housing market and carries substantial risks that would require a large financial reserve to help smooth out. London raises roughly a third of the total amount of stamp duty collected across the UK and changes to any future “London rate” could have ripple effects across the south east. The Mayor has recently proposed the option of looking at localising stamp duty to fund specific infrastructure projects. Under this proposal, property values uplifted by being close to new infrastructure such as Crossrail2 stations could be taxed upon sale so that London as a whole benefits from the additional value created by public investment. Given the lack of clarity over any future funding for Crossrail2, this contribution could be key. Taking these small steps would allow the Mayor to demonstrate that the GLA can manage fiscal devolution effectively and pave the way for further devolution in the future. This proposal is therefore worth exploring further with Government.

Over the longer term, there may be a need for further strengthening of the Assembly’s powers of financial scrutiny, particularly if we move to a situation where the forecasts for likely revenues (say if stamp duty were to be devolved) were disputed. Some commentators have called for an Independent Budget Office for London, though boosting the resources for the Assembly to undertake more detailed financial scrutiny might be a more pragmatic step.

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<sup>30</sup> Implementation of devolved taxes: Joint update from Revenue Scotland, Registers of Scotland and the Scottish Environment Protection Agency, 17 October 2014

## 4. Public service devolution to boost London's productivity

**Devolution of employment and skills measures is needed to support and sustain London's economic dynamism.** Bringing budgets and commissioning powers closer to the London labour market will better help people to acquire the skills they need to get well-paid jobs and to boost productivity, to the benefit of the UK economy as a whole. In July 2015, the Treasury announced its plans to reverse the decline in the UK's productivity over the course of the current Parliament. In its report *"Fixing the Foundations: Creating a more prosperous nation"*, it stated that the UK "suffers from several weaknesses in its skills base that have contributed to its longstanding productivity gap with France, Germany and the US".<sup>31</sup> Alongside the announcement of a levy to fund apprenticeships, the Government also announced proposals to offer local government the opportunity to re-shape and re-commission the Further Education sector. Further details are still awaited, but a strategic, city-wide oversight of the skills agenda is needed to ensure the needs of the London economy can be met from local labour markets.

### *Devolution of the skills budget – the rationale*

In testimony to the Devolution Working Group, Harvey McGrath (Deputy Chair, London Enterprise Panel (LEP)) argued that the current skills system is not effectively providing skills that are required by London employers. This is because the London economy changes quickly and information flows between employers, Further Education (FE) colleges and universities are poor. Some colleges are not providing the right courses to help people get the skills they need to access the jobs that the local economy is generating. As employers can't find job-ready local people they look further afield to meet their needs.

As Harvey McGrath recognised "there are literally thousands and thousands of jobs that need to be filled and there are not enough qualified individuals here to fill them." For example, the new housing requirement in London is well known, with the Mayor committing to build 42,000 new homes every year. This level of new build is significantly above anything that has been achieved in London since the 1930s. Yet, the construction industry tends to be a spot hirer of workers. A better alignment of FE revenue funding with market need would allow the construction

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<sup>31</sup> *Fixing the Foundations: Creating a more prosperous nation*, HM Treasury, July 2015, pg 23



sector to actively engage with colleges and training providers to develop a pipe-line of talent to support their recruitment needs and to ensure that the people who work for them have the right training.

The LEP has taken some steps to ensure better information sharing between the national Skills Funding Agency and local authorities about the individual learners' journey. Having that awareness improves transparency and allows more effective commissioning to ensure a better fit between the skills being taught and the jobs being created. There is, however, more that is required and Harvey McGrath argued that because the "journey to learn" is inevitably cross-borough, there is a need for London government to be able to reconfigure the FE estate across London; map and plan where the provision is needed; and encourage the sub-regions to deliver to that plan.

#### *What needs to happen?*

As part of its Agreement, Greater Manchester will receive a package of measures to support economic development, including the power to restructure the Further Education sector. There are broad levels of support from business, local authorities and the colleges for similar devolution to London Government. Successive governments have promised greater local influence over skills funding and yet little has been offered. The proposed cuts in funding to the FE sector (there will be a further 25% cut for the 2015-16 academic year) increase the urgency. London needs to be able to take a strategic view of the role of further education, not just to get young people into work but as a way to support people at different stages in their career to be able to up-skill and move on to better paid jobs.

**To this end, the Mayor should negotiate with Government for the full devolution of the Skills Funding Agency's allocation for London to the Greater London Authority. The LEP will provide expert advice to the Mayor to ensure that funding is aligned to London's jobs and growth agenda so that college courses better meet the needs of local employers. There may be scope for subsequent devolution to sub-regional groupings of local authorities, but as part of the necessary Skills Inquiry that the LEP is currently leading on there will need to be clear evidence that these groupings have the vision and capacity to take on the responsibility.<sup>32</sup> Furthermore, the Assembly will need to provide robust scrutiny of the proposals and spending plans to ensure transparency and accountability.**

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<sup>32</sup> See footnote 35

### *A single pot for employment support – the rationale*

Some people need more support to get into work. They may speak English as another language, have mental illness, have a disability, and/or have parental or caring responsibilities. At present, up to £8 out of every £10 of the Government's employment support funding is spent on programmes that are designed and provided according to national guidelines.<sup>33</sup> However, the over-centralised system of governance and the lack of flexibility at a local level mean the programmes are not delivering the outcomes required. Although as the most densely populated region London has the highest number of starts on the Government's flagship welfare-to-work programme, it has fared less well in terms of achieving job outcomes for residents when compared to national averages. Work Choice, which targets the more severely disabled people, has also under performed in London compared with national outcomes.<sup>34</sup>

In March 2014, the LEP's submission for Growth Deal funding set out a vision for a single ring-fenced flexible pot, which would have bought together the following funding streams:

- Jobcentre Plus Flexible Support Fund (£19m p.a.)
- Work Programme (£24m p.a.)
- Work Choice (£10m p.a.)
- Future Families Programme (£8.5m p.a.)
- Youth Contract (£4.4m p.a.)
- Work Programme Completers Pilot (estimated £12m p.a.)

The subsequent Growth Deal agreed with government did not include full devolution of this funding, opting for some piloting and co-commissioning instead.

In testimony to the Devolution Working Group, Sir Robin Wales (Mayor of Newham) argued that local authorities had the detailed labour market knowledge and experience to deliver more cost effective interventions. He argued that national programmes are not integrated with local services such as housing or social care, are overly complex and lead to duplication and higher costs. Sir Robin quoted the example of Newham's Workplace scheme, which, over a two year period, succeeded in getting 1,200 people into work, compared with the 350 that the Work Programme had helped in that area. Sir Robin argued that because local government better understood local employers' needs, they were able to deliver more suitable job-ready candidates for interview. Employers benefitted because

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<sup>33</sup> *A growth deal for London*, London Enterprise Panel/London First March 2014, pg 117

<sup>34</sup> *Work Choice: Official Statistics*, Department for Work and Pensions, May 2015

people stayed in their jobs for longer and it was all delivered more cheaply than the national scheme. However, Sir Robin also noted that “what works for Newham may not work for Redbridge”<sup>35</sup> and it remains unclear if ad hoc partnerships of “willing boroughs” are going to be sufficient to re-assure Government that they are sufficiently credible and accountable to receive significant commissioning powers and funding.<sup>36</sup>

### *What needs to happen?*

Across London, boroughs are coming together to design employment programmes that try to overcome some of these barriers. Cllr Philippa Roe (leader of Westminster Council), for example, told the Devolution Working Group about the Centre London Forward programme which sees eight boroughs working together across a sub-region to provide support for over 10,000 residents who are currently furthest away from the labour market. The employment support programme provides a comprehensive employment support service, which includes working with the Department for Work and Pensions (DWP) and better information sharing across the sub-region. However, she noted how they were not able to support all those they wanted because of DWP’s caution: “They are not going to let us take over everybody we would like to have until we have proven success with this cohort. It is very much a lot of stepping stones on the way when we would have much preferred to have got the whole lot in one go, but we will do what we need to do.”

There is therefore further work for the boroughs and London Councils to do to gather the evidence that local devolution is a viable option for these funding streams and to put in place the necessary borough partnerships. The potential gains to the London economy are significant. Illustrative figures provided by the LEP indicate that a single employment funding pot for London could potentially move an estimated 34,700 people back into work per year and as a result save the Exchequer an estimated £230m.<sup>37</sup>

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<sup>35</sup> Transcript, Devolution Working Group, 18 June 2015, pg 9

<sup>36</sup> Between 200 and 2010, London had a settled set of sub-regional arrangements with the boroughs in five groupings for purposes of working with the now disbanded London Development Agency.

<sup>37</sup> *A growth deal for London*, London Enterprise Panel/London First March 2014, pg 124

<sup>37</sup> Ibid. pg 123

The Greater Manchester Agreement offers up the prospect of joint commissioning with DWP of the next stage of the Work Programme, although what form that joint commissioning will take is still unclear. **London should be able to go further and benefit from a single funding pot for employment support which brings together all the existing major contracts let in London.** The single pot would come to the Mayor, in the first instance, before being devolved down to local authorities. This would create an incentive for boroughs in sub-regional partnerships to work with the LEP to better plan and integrate their employment support programmes with local job creation. To give Government the assurance it needs that the single funding pot will be effectively managed, services would be commissioned on a reformed payment by results basis with the Assembly scrutinising not just the commissioning process but also, as Sir Robin suggested, the outcomes too.<sup>38</sup>

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<sup>38</sup> Transcript, Devolution Working Group, 18 June 2015

## 5. Devolution of suburban rail to better integrate London and the south east

In March 2012, the Mayor published his Rail Vision, which aimed to provide “a single coherent vision for the city’s railways”. This vision for suburban rail is seen as vital in the coming decade to help support the continued growth of London’s economy.

The strategic importance of the suburban rail network is underlined by three trends:

- The expected rise in London’s population;
- The concentration of job creation within the central London boroughs; and
- The increasing unaffordability of housing in inner London.

Simply put more workers than ever before will be commuting into the city. London is already far more dependent on the rail network than other regions, with Londoners making six times the number of National Rail journeys compared with the rest of the country each year, while demand is expected to grow by 80 per cent by 2050.

The London Assembly Transport Committee is examining how robust the case remains for continued devolution. The investigation is designed to establish the level of public support for proposed plans, as well as exploring how attitudes of key stakeholders may have changed over the preceding three years.<sup>39</sup>

### *The rationale*

To meet these needs will require a re-think of current rail strategy. Control of suburban routes is currently split between nine different Train Operating Companies (TOCs)<sup>40</sup> in addition to the services controlled by TfL. In terms of passenger satisfaction, these TOCs run the gamut from some of the worst performers in the country (Southeastern) to the most popular (Chiltern Rail). Overcrowding, particularly in the peak morning and evening commuter window

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<sup>39</sup> The London Assembly Transport Committee is expected to publish its report in October 2015

<sup>40</sup> TfL assumed control of the Greater Anglia inner suburban services in May 2015. The franchise for the remaining routes will be renamed the East Anglia franchise in 2016

continues to blight the passenger experience, and there remains a high degree of variation in fares and ticketing policy, station upgrades and service reliability.

This system also acts as a barrier to greater integration of London and the South East's transport system. TfL reported that the relatively simple extension of Oyster to suburban rail networks was seriously delayed by the need to negotiate with each TOC, adding four years and needless expense to the expansion programme.<sup>41</sup> Devolving control of these networks would also provide for greater consistency in customer service standards, passenger information and security. While the Mayor has some ability to influence franchise agreements that fall within the Greater London region, past experience has shown it to be ineffective in all but a few cases.

TfL has already demonstrated significant success in managing suburban rail networks. In 2007, TfL took over the failing Silverlink franchise and used it as the basis to transform orbital rail connectivity in London. Passenger volumes are now almost three times the level when TfL took over management of the services. Despite this enormous increase, the Overground receives some of the highest customer satisfaction ratings in the country. Crossrail, due to begin operation in 2018, is another example of a National Rail line which will be managed by TfL.

Involving TfL more in the running of the region's railways can deliver broader benefits than just an improved passenger experience. The organisation understands that the way it invests and runs its services is not just about journey times, accessibility and safety. TfL sees transport schemes as significant catalysts for regeneration and growth. With a broader reach, the organisation could work to connect jobs and housing which would serve to make the South East operate better as an integrated region.

### *What needs to happen?*

The Government has previously backed further devolution of rail management in its response to the Brown Review on Rail franchising. That Review singled out TfL as one of only two bodies which had the ability to manage the demands of suburban rail networks and encouraged the Department for Transport (DfT) to consider the case. In response, the Mayor made a formal proposal to DfT to devolve control of, and funding for, parts of the Anglia and South Eastern franchises to TfL. This would help deliver "higher customer service standards, with greater train service

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<sup>41</sup> *The Mayors Rail Vision*, The Mayor of London, February 2012, pgs 6-8

reliability, and improved station ambience, staffing, passenger security, customer information and station facilities”.<sup>42</sup>

TfL would use a different model for any franchises it takes over. TfL uses a ‘gross cost’ contract, in which it absorbs the revenue risk for the inner-suburban services. In contrast, the TOCs have limited control over revenues, which are driven largely by macroeconomic factors such as London employment and fare levels. As a result, normal DfT rail franchises include risk premiums in their bids, which would be significantly reduced if TfL took the revenue risk instead. Due to its size, TfL has a larger revenue base from which it can absorb any losses – it would contract out the management of the line to another operator as is currently the case with London Overground Rail Operations Ltd (LOROL) on the Overground.

Though the Mayor’s proposal received broad, cross party support, as well as the backing of London Councils and major passenger groups, some issues were raised about further integration of suburban rail with TfL services. One concerned the level of democratic accountability for passengers who lived outside Greater London but would be affected by TfL’s decisions. Yet TfL already runs some Overground, tube and bus services outside of its geographical area, and has Board Members specifically tasked with representing their views. In addition, TfL has offered the affected councils a say in any proposed changes to rail services, although the details of what this means in practice need to be worked out. In reality, devolving control to the Mayor, with the experienced scrutiny offered by the London Assembly Transport Committee, provides a marked increase in accountability when compared with a private sector alternative.

Evidence heard by the Transport Committee during its investigation indicates that there is scope for new partnerships between TfL and neighbouring authorities, such as Kent, which are now more open to the proposal. In order to continue to reassure authorities outside London, and ultimately the DfT, a sub-regional transport group including input from the Assembly, affected councils and TfL has been suggested if rail devolution were to happen. This could provide the forum where changes to routes can be discussed and debated.

The DfT is also concerned about adding a new layer of complexity to existing franchise arrangements. In its response to the Mayor’s proposal, it agreed to devolve control of the Anglia services but rejected the plans for Southeastern

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<sup>42</sup> *The Mayors Rail Vision*, The Mayor of London, February 2012

services. In a letter to the London Assembly Transport Committee, the DfT said that this was “because the Southeastern franchise is operationally more complex, with far greater integration of inner suburban and long distance services than West Anglia.”<sup>43</sup>

The Mayor and TfL have been open about their view that these two services are stepping stones to broader devolution of all suburban rail services. While piecemeal devolution of Anglia services is to be welcomed, **the DfT should reconsider its approach to suburban rail devolution, starting with the South Eastern franchise in 2018 and expanding to all inner suburban routes in London as other franchises come up for renewal.**

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<sup>43</sup> Letter from the Department of Transport to the London Assembly Transport Committee, 1 July 2013



## 6. Devolution to improve public health outcomes

London is a modern city without modern health outcomes. London has some of the highest rates of childhood obesity, mental illness, TB and HIV across the UK. The Mayor has statutory duties to promote improvements in the health of Londoners and to promote a reduction in health inequalities. He must, under section 309 of the GLA Act 2007, prepare and publish a health inequalities strategy which should include proposals and policies for promoting the reduction of health inequalities.<sup>44</sup> However, the Mayor has no statutory role in providing health or care services. If the boroughs in their public health role do not have the capacity to co-ordinate and implement London-wide health campaigns then the Mayor should step in and should be given the appropriate resources to do so.

There have been a number of attempts by the Mayoralty to develop mechanisms to shape the provision of public health services in London and to work with the NHS and commissioners to have oversight of the regional health economy. However, without the resources and powers to do the job properly, the results so far have been modest. Officials from the NHS talk about the Mayor having the ability to have “serious conversations” with key stakeholders about preventing ill health and of being mindful of the health effects of policy areas he directly controls (such as the link between road traffic and air quality). But in reality they want to keep the Mayor at arms-length.

This issue was most recently examined by the London Health Commission which was set up by the Mayor in September 2013, to investigate health and care services in London.<sup>45</sup> The Commission was chaired by Lord Darzi, with a membership across many stakeholder groups including the Assembly. According to the Commission’s report, the complexity of health and health improvement created by the Health and Social Care Act 2012, creates “*a clear gap in leadership for the better health agenda in the capital*”.<sup>46</sup> These views chime with those offered by other lead health commentators, such as the King’s Fund. To address the strategic vacuum, the

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<sup>44</sup> Health inequalities are defined in the strategy as inequalities in respect of life expectancy or general state of health which are wholly or partly a result of differences in respect of general health determinants one of which is the degree of ease or difficulty with which persons have access to public services.

<sup>45</sup> ‘Independent commission to be set up to investigate health and care services in the capital’, the Mayor of London, Press Release, 16 September 2013

<sup>46</sup> Better Health for London, The London Health Commission, October 2014, pg 60

Commission's report recommends that *"the Mayor should appoint a London Health Commissioner to champion health in the capital"*.

### *What needs to happen?*

In response, the Mayor published, "Better Health for London: Next steps", which accepted the need for strategic leadership in public health and also set out a series of recommendations for local action, supported by city-wide activity to tackle in particular children's health, choices around healthy lifestyles, healthcare in the workplace and mental illness.

A re-focused London Health Board, which brings together local government and senior NHS leaders, will look to drive improvements in London's health, care and health inequalities. But again there are few dedicated resources to do the job properly. In testimony to our Working Group, Sir Edward Lister recalled how a previous attempt to top slice three per cent of the London public health budget to give City Hall the resources to promote public health activity across London had been resisted by central government. **It is time for Public Health England to revisit those plans and work with the Mayor to establish the post of London Health Commissioner and to give City Hall the dedicated resources to put behind the London Health Commission's recommendations. The London Health Commissioner would have strategic co-ordination of all London health matters as envisaged by Lord Darzi's report.**

For public health matters, a dedicated budget would give the London Health Commissioner the ability to bring together key stakeholders and enable innovative pan-London public health trials to be piloted bring economies of scale to existing borough level activity. It would also ensure that there was a point of accountability at a London-wide level to deliver on the Government's public health outcome framework, which set out some 60 health measures against which local authorities would be able to demonstrate real improvement in health outcomes.<sup>47</sup> This list includes tackling childhood obesity, physical inactivity, and diabetes where a pan-London campaign and set of actions may be of more value than a piece meal approach across willing boroughs.

**We should go further.** In New York City, the Mayor's law-making powers have had a strong impact on the health of New Yorkers. Using all the tools at their disposal the

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<sup>47</sup> 'Helping people live healthier lives: the future for public health', Department of Health, January 2012

Mayor and the New York City Council undertook a comprehensive and far-reaching public health reform agenda. In 2002, Mayor Bloomberg banned smoking in New York's bars and restaurants and in 2011 he banned smoking in most outdoor areas. Furthermore, New York banned the sale of cigarettes to those under 21 in November 2013. In 2007, the Mayor, through the New York City Board of Health (now the Department of Health and Mental Hygiene), forced restaurants to all but eliminate the use of partially hydrogenated vegetable oils and spreads, the main sources of trans fats in the US diet. This has sharply reduced the consumption of trans fats in each bought meal from about 3 grams to 0.5 grams.<sup>48</sup> These measures show the effectiveness that local law-making has had in pushing forward a city-wide public health agenda. The ability to legislate at a city-wide level means that action can be taken more quickly than waiting for a national decision. It is worth reflecting that the Mayor, London Assembly and London boroughs had campaigned for a smoke-free London many years before national policy was changed to ban smoking in public places. If London Government had had the power to set public health laws then decisive action could have been taken more quickly to save lives and money over the longer term.

**If the Government is serious about tackling London's public health challenges then it is time for the GLA to have the ability to legislate on health matters. Under this proposal, the Mayor would have the power to propose, and for the Assembly to agree, legislation for public health matters.**

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<sup>48</sup> See study by Christine Curtis, Director of the city's Nutrition Strategy Program, et al published in *Annals of Internal Medicine*, July 2012

## 7. The case for a more radical Agreement with government to improve health care and cut crime

As a city London is facing huge challenges in terms of health care. There is unprecedented demand being placed on both A&E and GP practices, there is a national GP shortage and a greater proportion of London's GPs are aged over 60.<sup>49</sup> The NHS estate needs to be dramatically re-configured to create facilities accessible, and of a sufficiently high standard, to meet the needs of the fast growing, and ageing, population. There are strains upon the Clinical Commissioning Groups to access the services their patients need in a cost effective manner and there are top down pressures from NHS England as they struggle to balance the books nationally and raise standards. All these changes are of key interest to London residents and their elected representatives. Yet there is a democratic deficit in terms of decision-making, with residents unclear as to who is making the decisions that will affect the shape of the healthcare provision in their area.

### *Primary and acute health care*

While there is an emerging consensus about what role the Mayor should play in terms of promoting public health initiatives, there is less clarity about the role city-wide government should play to ensure that London has the best health and care services of any world city. Indeed, some argue that London is too big for this kind of devolution, that its politicians will fail to take decisive action when needed and that many London hospitals also have a national service element.<sup>50</sup>

However, it is evident that the public is not clear that decisions are being taken in their interests or indeed who is taking those decisions. A well-resourced London Health Commissioner would be able to advise the Mayor on a vision for how London's health and social care services need to adapt to face the challenges of a rapidly growing but also ageing population. The London Health Commissioner would be able to link the Mayor's health inequality strategy with the need to improve the NHS estate. The London Health Commissioner would have oversight of

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<sup>49</sup> See the Assembly's Health Committee report "Access to GP care", March 2015 for more detail

<sup>50</sup> On this point with both TfL and the Met have national service responsibilities which London government deals in partnership with national government.

the finances of the regional health economy as a whole and address workforce issues to help health workers to be able to live close to where they work. There could finally be a detailed discussion about the merits of integrating the London Ambulance Service with the fire and police services, which the Mayor already manages, to create a modern and efficient first responder service. **This type of strategic work would for the first time be done at City Hall, bringing greater transparency and accountability to long-term health care planning.**

In February 2015, the Government announced a ground breaking agreement between the Greater Manchester Combined Authority and NHS England to bring together health and social care budgets for that area – a combined sum of £6bn. The scope of the Memorandum of Understanding includes the entire health and social care system in Greater Manchester, including adult, primary and social care, mental health and community services and public health.

The size, diversity and complexity of the health economy of London necessarily engenders caution about calling for a similar deal to that agreed in principle for Greater Manchester. The lack of detail and clarity over roles for respective partners means that we would want to see how the Greater Manchester Agreement works in practice before pressing for a city-wide agreement to fully merge health and social care budgets in London. There is work taking place at a sub-regional level which will help shape London government's thinking about the potential for health and social care integration. Local authorities will need to demonstrate to central government that they can work effectively with the NHS to tackle difficult issues such as improving the NHS estate before further powers and responsibilities are devolved.

**Over the course of the Parliament we would expect to see the Mayor and local government pull together evidence from the Greater Manchester experiment to establish whether there is a case for city-wide integration of health and social care budgets to ensure that London delivers the highest quality health and social care for all its resident.**

#### *Improving the performance of the criminal justice system*

The Mayor's Office for Policing and Crime (MOPAC) wants the criminal justice system, including the youth justice system, to be devolved to London. While the Mayor has a role in influencing the criminal justice and youth justice system, he does not directly oversee the system or its agencies. The Mayor wants to create a model similar to New York, where the Mayor of that city holds to account those responsible for investigation and arrest, through to charging, prosecution and sentencing.

### *The rationale*

The Deputy Mayor for Policing and Crime (DMPC), has argued that “the criminal justice system should be held to account as the Met is in London, otherwise these are unaccountable agencies not answering to the people of London.” He also suggested that devolution would improve the speed of the criminal justice system and create savings through, for example, the co-location of MPS officers and Crown Prosecution Service staff that prepare the case files and through using the same IT systems. In testimony to the London Assembly’s Devolution Working Group Helen Bailey, Chief Operating Officer at MOPAC, also suggested that being able to approach savings requirements from a “London criminal justice system” context would be easier than having to absorb the savings requirements of “four or five government departments” who each “take their own decisions about where cuts fall”.<sup>51</sup>

Furthermore, in testimony to the Devolution Working Group, the DMPC argued that devolution could support more effective performance management at local level. One of the very important things that City Hall could do is “look at what is going on across London and start to ask the difficult questions around why does it, [for example], take so much longer to deal with a domestic abuse case in this part of London as opposed to this part of London.”<sup>52</sup>

The real prize is, however, about reducing re-offending rates. The vast majority of crimes are committed by people already in the system and as the Deputy Mayor noted there is a “small number of offenders, 3,800 habitual criminals convicted not once or twice but 15 times or more, costing the taxpayer £153 million...”<sup>53</sup> A devolved criminal justice system would enable the Mayor to bring together different pots of money from the national service providers such as the Youth Justice Board with funding from the European Social Fund and local authority input. The Holy Grail is to provide for a “whole-person” approach to commissioning. This includes both the “beyond-the-prison gate” package of services that can most effectively support resettlement, but also support for all those who have been through the criminal justice system and need some level of support to move on with their lives.

The “whole-person” approach was applied in Project Daedalus at the Heron Unit at Feltham Young Offenders Institute, which was sponsored by the GLA. Under this

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<sup>51</sup> Transcript, Devolution Working Group, 26 February 2015, pg 2

<sup>52</sup> *ibid*

<sup>53</sup> *ibid*

programme, young offenders were allocated a 'resettlement broker' who worked with them in prison and on release to build life skills and improve opportunities for education, training and employment. We know that for the first group of young offenders that took part in the Heron Unit, their reoffending rate was substantially reduced: 53 per cent of those in the unit went on to reoffend, compared with 72 per cent for the rest of Feltham Youth Offenders Institute.<sup>54</sup> Despite some criticisms of the project, this model of intervention is considered an effective one. St Giles Trust, who were involved in delivering Project Daedalus, told the Police and Crime Committee in their investigation into youth reoffending and resettlement that while this type of intervention had previously existed, Project Daedalus "confirmed our belief that it is a good model."<sup>55</sup> In addition, the HM Chief Inspector of Prison's wrote in his January 2013 inspection report for Feltham that the loss of the resettlement brokers in the Heron Unit had been "a real setback".<sup>56</sup>

There are other examples of how a more devolved system could bring benefits. Having pan-London commissioning of services would better support those seeking exit from gangs or those who have been trafficked into the country and need intensive support to protect and help them move on. For example, if MOPAC was to take over commissioning of Prevent projects - designed to tackle the spread of extremism - pan-London commissioning would ensure that the projects could run across borough boundaries, be more responsive to local needs and be more open to innovation. Furthermore, they could be funded for more than one year which would address problems facing projects with yearly funding including inefficient stopping and starting, the lack of consistency in terms of the service provided to clients and few chances to capture relevant learning. All these flexibilities would allow commissioners to get a better fit of projects with local need.

Arguments against this change include the risk of politicisation of the criminal justice process that has been set up to ensure its independence, and the potential of a "'postcode lottery' for justice."<sup>57</sup> MOPAC has sought to address these arguments, explaining that its approach would be similar to that of its oversight of the MPS. MOPAC "would not be setting thresholds for prosecutions for the CPS, nor

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<sup>54</sup> *Breaking the Cycle: reducing youth reoffending in London*, London Assembly Police and Crime Committee, July 2015, pg 22

<sup>55</sup> Transcript, the London Assembly Police and Crime Committee, 8 January 2015

<sup>56</sup> *Report of an unannounced inspection of HMP/YOI Feltham (Feltham A – children and young people)*, Her Majesty's Inspectorate of Prisons, January 2013, page 6

<sup>57</sup> Transcript, the London Assembly Police and Crime Committee, 8 January 2015

would you be trying to tell judges” how to operate, in the same way that it has no operational direction over police officers.<sup>58</sup>

The Deputy Mayor for Policing and Crime’s vision for devolution aims to do this by putting in place a model through which the savings made by reducing reoffending could be released into local services:

*You would try to have a situation where a borough is incentivised over time to work on those things that reduce youth reoffending and that they benefit; they get a dividend that they can reinvest in local communities.*<sup>59</sup>

### *What needs to happen?*

**Much of this thinking remains work in progress and we accept that the case has not yet been fully developed.** MOPAC needs to be much clearer about the detailed case for criminal justice devolution and should be specific about which budgets it wants to see handed down to the Mayor. **MOPAC also needs to demonstrate how outcomes would be improved through greater devolution and how it will safeguard the independence of the criminal justice system and in particular sentencing.**

**Given the continued high volume of alcohol fuelled crimes and alcohol fuelled violence there may, over the longer term, be merit in a role for the GLA in the licensing for alcohol sales.** A London-wide framework, agreed with the boroughs, could provide clarity to residents, customers and business and better support the work of council enforcement officers and the police.<sup>60</sup>

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<sup>58</sup> Transcript, the London Assembly Police and Crime Committee, 8 January 2015

<sup>59</sup> Transcript, Devolution Working Group, 26 February 2015

<sup>60</sup> The Assembly’s Police and Crime Committee will be examining the available evidence in its review later in 2015.



## Appendix A: Evolution of the GLA's powers and remit

Policy Area	Greater London Authority Act 1999	Greater London Authority Act 2007	Localism Act 2011
<b>Transport</b>	<p>Creation of Transport for London: Tube, trams, buses, trunk roads, taxi regulation, river services.</p> <p>Power to impose congestion charge, emissions charge and workplace parking levy</p>		<p>Business rate supplement and community infrastructure levy contributing to Crossrail funding</p>
<b>Economic Development</b>	<p>Creation of London Development Agency (including Business Link from 2004).</p> <p>Appointment of Board of LDA</p>		<p>LDA abolished; remaining functions and transfer of assets to GLA, together with the European Regional Development Fund.</p> <p>Established a single London-wide London Enterprise Panel (LEP)</p>
<b>Environment</b>	<p>Statutory strategies on ambient noise, air quality, biodiversity and waste</p>	<p>Statutory strategies on climate change mitigation and energy;</p> <p>Waste Recycling Forum and Fund</p> <p>Power to direct authorities to have regard for the Mayor's strategies</p> <p>Development of a Water Action Framework</p>	<p>Amalgamation of five environmental strategies (noise, biodiversity, waste, air quality and climate change) into one Environment Strategy</p>

Policy Area	Greater London Authority Act 1999	Greater London Authority Act 2007	Localism Act 2011
<b>Housing</b>		Chair of the London Housing Board  Development of Housing Strategy and Housing Investment Plan – high level decision over regional housing	Budget and functions of Homes and Communities Agency for London pass to the Mayor
<b>Policing</b>	Mayor appoints and sets the budget for the Metropolitan Police Authority (MPA)	Mayor may chair the Metropolitan Police Authority	MPA abolished, and replaced with the Mayor's Office for Policing and Crime (MOPAC)  Statutory London Assembly Police and Crime Committee to provide scrutiny of MOPAC
<b>Fire</b>	London Fire and Emergency Planning Authority created – board and budget set by the Mayor	The Mayor is given a power of direction over LFEPA	
<b>Skills</b>		London Skills and Employment Board created, chaired by the Mayor  Development of a London wide Skills Strategy.	

Policy Area	Greater London Authority Act 1999	Greater London Authority Act 2007	Localism Act 2011
<b>Culture</b>	Development of a Culture Strategy	Appointment of the Chair of Arts Councils (London branch)  Appointment of 8 Board Members to the Museum of London	The Mayor appoints the Royal Parks Board with the agreement of the Secretary of State which provides a strategic overview for management of the Park as well as guiding and challenging The Royal Parks (TRP).  The Royal Parks are Hyde Park, Kensington Gardens, St James's Park, The Green Park, The Regent's Park (with Primrose Hill), Bushy Park, Greenwich Park and Richmond Park.
<b>Planning</b>	Production of a London Plan  Right to be consulted by boroughs on applications of 'strategic importance', and the power to reject such applications  Given control of Trafalgar and Parliament Squares, including determining what activities may or may not take place, as well as trading and transport issues.	Right to determine 'applications of strategic importance'  Right to direct boroughs to change their local plans to harmonise with the London Plan	Mayor only to focus on major planning applications
<b>Health</b>		Development of a health inequalities strategy  Appointed Health Advisor	Creation of a London Health Board

## Appendix B: Summary of proposed new powers

### Fiscal Devolution to better support a growing city

Proposed powers	Detail	Rationale	How
Full devolution of business rates	The Mayor and the London boroughs should have the same powers and responsibilities as the Scottish and Welsh devolved administrations in relation to business rates – including the ability to determine the timing of revaluations, the setting of the non-domestic rating multiplier, relief and discount policies and the ability to use locally raised revenues in a targeted way to deliver infrastructure, housing and transport investment	There is a need for greater flexibility at a pan-London and sub-regional level to allow for exemptions from business rates to support new growth clusters and to better reflect the changing structure of the London economy.	<p>The ability to change business rates can be achieved by amendments to secondary legislation (in this case the 2012 Local Government Finance Act).</p> <p>Proposals to ensure it is cost neutral to the Treasury will have to be evaluated, as well as new management and delivery systems established within the GLA</p>
Property-based taxes	The Mayor and GLA should have greater control over stamp duty.	Devolving control of this tax would allow more flexible funding of housing and transport initiatives.	Gradual process involving primary and secondary legislation. An initial first step may involve localising stamp duty to fund specific infrastructure projects, eg, property values uplifted by being close to new infrastructure such as Crossrail2 stations could be taxed upon sale so that London as a whole benefits from the additional value created. The financial scrutiny powers of the Assembly would also need to be strengthened.

## Public service devolution to boost London's productivity

Proposed powers	Detail	Rationale	How
Skills Budgets	Devolution of employment and skills measures is needed to support and sustain London's economic dynamism. Bringing budgets and commissioning powers closer to the London labour market will better help people to acquire the skills they need to get well-paid jobs and to boost productivity, to the benefit of the UK economy as a whole.	The current system is not effectively providing skills that are required by London employers. This is because the London economy changes quickly and information flows between employers, Further Education (FE) colleges and universities are poor. Colleges, in some cases, are not providing the right courses for people to get the skills to access jobs in the local economy. Employers can't find job-ready local people and so look further afield to meet their needs.	<p>The Mayor should negotiate with Government for the full devolution of the Skills Funding Agency's allocation for London to the Greater London Authority. The LEP will provide expert advice to the Mayor to ensure that funding is aligned to London's jobs and growth agenda so that college courses better meet the needs of local employers.</p> <p>London Assembly to provide scrutiny of the proposals.</p>
A single funding pot for employment support	The Greater Manchester Agreement offers up the prospect of joint commissioning with DWP of the next stage of the Work Programme - London should be able to go further and benefit from a single funding pot for employment support which brings together all the existing mainstream contracts let in London.	At present, up to £8 out of every £10 of employment support funding is spent on programmes that are designed and provided according to national guidelines. However, the over-centralised system of governance and the lack of flexibility at a local level mean they are not delivering the outcomes required. The Work	The single pot should be awarded to the Mayor, in the first instance, before being devolved down to local authorities. This would create an incentive for boroughs in sub-regional partnerships to work with the LEP. Services would be commissioned on a payment by results basis with the Assembly scrutinising not just the commissioning process but also the outcomes too.

Proposed powers	Detail	Rationale	How
		Programme is under-performing in London. Work Choice, which targets the more severely disabled people, has also under-performed compared with national outcomes.	
Control of suburban rail	Future rail franchises should be amended to give the Mayor and TfL control over the management of suburban rail infrastructure, in a similar way to its management of the London Overground Network.	Control of suburban routes is currently split between nine different Train Operating Companies (TOCs) in addition to the services controlled by TfL. Customer satisfaction is low, overcrowding is increasing and there is little incentive for TOCs to provide joined up services, The suburban rail network will become increasingly important over the coming decade and greater integration with the wider transport network can only be assured by Mayoral and TfL control.	The DfT should reconsider its approach to suburban rail devolution, starting with the Southeastern franchise 2018, and expanding to all inner suburban routes in London as other franchises come up for renewal.

## A more radical Agreement with the Government to health care and cut crime

Proposed powers	Detail	Rationale	How
Public Health	<p>Public Health England should revisit plans to give City Hall the dedicated resources to put behind the London Health Commission's recommendations. A dedicated budget would give a newly created role of London Health Commissioner the ability to monitor the Government's public health outcomes framework and enable innovative pan-London pilots to be trialed.</p> <p>In addition, the GLA should have the ability to legislate on health matters. Under this proposal, the Mayor would have the power to propose, and for the Assembly, to agree legislation for public health matters.</p>	<p>London is a modern city without modern health outcomes. London has some of the highest rates of childhood obesity, mental illness, TB and HIV across the UK. The Mayor has statutory duties to promote improvements in the health of Londoners and to promote a reduction in health inequalities. He must, under section 309 of the GLA Act 2007, prepare and publish a health inequalities strategy which should include proposals and policies for promoting the reduction of health inequalities. However, the Mayor has no statutory role in providing health or care services.</p>	<p>Public Health England to create a post of London Health Commissioner and to re-visit plans to top slice three per cent of the London public health budget to give City Hall the resources to promote public health activity across London.</p>
Primary and Acute health	<p>A London Health Commissioner would be able to advise the Mayor on a vision for how London's health and social care services need to adapt to face the challenges of a rapidly growing but also ageing population. The London Health Commissioner would be able</p>	<p>There is a lack of accountability and transparency about how strategic decisions are made about the development of London's primary and acute health services. This includes a lack of oversight. A London</p>	<p>Over the course of the Parliament we would expect to see the Mayor and local government pull together evidence from the Greater Manchester experiment to establish whether there is a case for city-wide integration of health and social care budgets to ensure that London delivers the highest quality health and social care for all its residents</p>

Proposed powers	Detail	Rationale	How
	to link the Mayor's inequality strategy with the need to improve the NHS estate, It would also bring greater transparency and accountability to long-term health care planning.	Health Commissioner would have oversight of the financial stability of the regional health economy as a whole and how the service will address issues such as how to help health workers live close to where they work.	
Improving the performance of the criminal justice system	<p>The Mayor's Office for Policing and Crime (MOPAC) wants the criminal justice system, including the youth justice system, to be devolved to London. While the Mayor has a role in influencing the criminal justice and youth justice system, he does not directly oversee the system or its agencies. The Mayor wants to create a model similar to New York, where the Mayor of that city holds to account those responsible for investigation and arrest, through to charging, prosecution and sentencing.</p> <p>Given the continued high volume of alcohol fuelled crimes and violence, over the longer term, there may be merit in a role for the GLA in licensing of alcohols sales.</p>	The criminal justice system in London should be held to account as the Metropolitan Police Service is. It is suggested that devolution would improve the speed of the criminal justice system and create savings through for example the co-location of MPS officers and Crown Prosecution Service staff that prepare the case files and through using the same IT systems. A devolved criminal justice system would bring together different pots of money from the national service providers such as the Youth Justice Board with funding from the European Social Fund and local authority input. The holy grail is to provide for a "whole-person"	<p>Much of this thinking remains work in progress and the case has not yet been fully developed. MOPAC needs to be much clearer about the detailed case for criminal justice devolution and should be specific about which budgets it wants to see handed down to the Mayor. MOPAC also needs to demonstrate how outcomes would be improved through greater devolution and how it will safeguard the independence of the criminal justice system.</p> <p>Over the longer term, there may be merit in the GLA taking on the powers of licensing for alcohol sales. A London-wide framework, agreed with the boroughs, could provide clarity to residents, customers and business and better support the work of council enforcement officers and the police. The Assembly's Police and Crime Committee will review the available evidence and report its findings to the Mayor later in 2015.</p>



Proposed powers	Detail	Rationale	How
		<p>approach to commissioning. This includes both the “beyond-the-prison gate” package of services that can most effectively support resettlement, but also support for all those who have been through the criminal justice system and need some level of support to move on with their lives.</p>	

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### Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

### Turkish

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### Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਅਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

### Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

### Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

### Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا مذکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

### Arabic

الحصول على ملخص لهذا المستند بلغتك،  
فرجاء الاتصال برقم الهاتف أو الاتصال على  
العنوان البريدي العادي أو عنوان البريد  
الإلكتروني أعلاه.

### Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જોડતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઇ-મેઇલ સરનામા પર અમારો સંપર્ક કરો.

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# Subject: Work Programme for the GLA Oversight Committee

**Report to: GLA Oversight Committee**

**Report of: Executive Director of Secretariat**

**Date: 22 October 2015**

**This report will be considered in public**

## 1. Summary

- 1.1 This report provides details of proposed work and the schedule of meetings for the current Assembly year (2015/16). The Committee has a rolling work programme so work may continue beyond each Assembly year.

## 2. Recommendation

- 2.1 **That the Committee notes its work programme for 2015/16, as set out in this report, and identifies any additional issues it wishes to consider at future meetings.**

## 3. Background

- 3.1 The GLA Oversight Committee has the following overall functions:
- Management and administration of the budget of the Assembly and Secretariat, and overseeing the Assembly's scrutiny work programme;
  - Having oversight, on behalf of the London Assembly, of the Greater London Authority's (GLA) corporate governance policies and activities;
  - Maintaining a watching brief in respect of the activities of the senior officers appointed by the Mayor; and
  - Responding to consultations from the Head of Paid Service and scrutinising the Head of Paid Service function.
- 3.2 Additionally, it was agreed at the Annual Assembly meeting of 11 May 2012 that the GLA Oversight Committee's terms of reference include provision to scrutinise any actions or decisions taken by the Mayor on matters relating to education. The Committee can also scrutinise civil contingency arrangements in London, the provision of services to the public and the performance of utilities in London.

## **4. Issues for Consideration**

- 4.1 The main work areas of the Committee are summarised below.

### **Assembly Budget and Scrutiny Work Programme**

- 4.2 The Committee allocates the Assembly's budget and receives a report in March each year on that subject (following the approval of the overall amount of the budget and in advance of the start of the financial year in question).
- 4.3 The Committee receives quarterly monitoring reports from the Secretariat, scheduled for the Committee meetings in June, September, November and January.
- 4.4 The Committee approves individual proposals for non-routine expenditure from the scrutiny programme budget which are referred to the Committee by the subject-related committees during the year. The timing of these reports depends upon when the subject-related committees approve projects and refer proposals for expenditure.
- 4.5 The Committee approves proposals for rapporteurships referred from subject-related committees during the course of the year.
- 4.6 The Committee also has the power to consider any issue which does not fall into the remit of one of the subject-related committees (for instance, cross-cutting equalities and governance issues).

### **Staffing Consultations and Appointments**

- 4.7 The Committee will be invited to respond to consultations from the Head of Paid Service (HoPS) from time to time during the year. The Committee's role in relation to these consultations is reactive and therefore the work programme does not predict what reports will be presented and when.
- 4.8 The Assembly has a role in appointing the statutory officers to the Authority, and this Committee has delegated authority to fulfil that role as and when the need arises. At its meeting of 22 May 2012, the GLA Oversight Committee agreed that the Head of Paid Service Performance Review Panel be established as a working group, and this meets annually (with the most recent meeting held 16 December 2014).

### **Other Items of Consideration**

- 4.9 At the Committee's meeting of 29 January 2013, it was proposed that the Committee receives quarterly updates on the evaluation of the Mayor's Mentoring Programme. It was agreed subsequently, given the Committee's level of contentment with the progress and direction of the programme over the previous year, that updates be provided bi-annually throughout 2014/15. Following the update received by the Committee at its meeting of 11 December 2014, the Committee agreed to have a further update following the final phase of the programme in autumn 2015 (dealt with elsewhere on this agenda).
- 4.10 At its meeting on 21 March 2013, the Committee asked that it be consulted formally on the annual staff pay review; as the settlement reached in 2014 covered a two-year period, the annual pay review has not been scheduled as an item on the work programme for this Assembly year.

- 4.11 At its meeting on 25 February 2014, the Committee agreed to receive details of the progress made to address GLA workforce equalities issues, dealt with as part of the Committee's regular Workforce Monitoring Report and update.

### **Scrutiny of the Head of Paid Service Function**

- 4.12 The Committee usually receives reports on the following issues during the course of the year:
- Annual Workforce Monitoring Report, incorporating complaints monitoring (plus a six-monthly update); and
  - Governance.
- 4.13 The Committee also receives a report on the Draft Annual Governance Statement (dealt with by the Committee at its meeting in July this year).

### **Shared Services**

- 4.14 Having previously considered a number of consultation proposals from the Mayor for shared services, the GLA Oversight Committee continues to receive an annual update on the progress of shared services across the Group and considers any proposals that may come forward. Following its consultation on shared services proposals in relation to the Old Oak and Park Royal Development Corporation (OPDC) at its meeting in February 2015, the Committee also requested that as part of its annual shared services report it receives an update on the proposed arrangements for the OPDC, with particular reference to financial costs and potential conflicts of interest. It was agreed that for this Assembly year, shared services be dealt with over the course of three separate meetings to consider a range of pan-GLA group collaborations (September and November 2015, and February 2016); however, due to time constraints at the September GLA Oversight Committee meeting, it was agreed that the item due to be discussed at that meeting would be rescheduled for consideration at a later meeting (17 December 2015).

### **Treasury Management**

- 4.15 It was agreed at its meeting of 11 September 2014, that the GLA Oversight Committee reviews the shared treasury management arrangement between the GLA and the London Pensions Fund Authority after a year of operation. The item will be considered as part of the Committee's annual update on shared services.

### **Mayor's Fund for London**

- 4.16 At the November 2014 meeting of the Committee, it was proposed that the Committee considers scrutinising the Mayor's Fund for London; this item has been scheduled for consideration at its meeting on 17 December 2015.

### **State of London Debate**

- 4.17 The Committee is consulted annually on arrangements for the State of London Debate but following the discussion at its 11 December 2014 meeting, it was agreed that it should undertake a broader review of the way in which the event is organised, with a view to assisting the next Mayoral administration. The State of London Debate is scheduled for consideration at the Committee's meeting on 17 December 2015.

### **Older People**

- 4.18 In addition to fielding a cross-party panel of Assembly Members to attend the national Age Friendly Cities conference on 16 March 2014, organised jointly by the GLA, Positive Ageing in London and the UK Urban Ageing Network, it was agreed that the GLA Oversight Committee considers the Mayor's work on older people in London as part of the Committee's 2015/16 work programme and the matter has therefore been scheduled for the Committee's meeting on 10 March 2016.

### **Pan-GLA Group Collaborative Procurement Function**

- 4.19 Following discussion of the procurement shared service function at its meeting in January 2015, the Committee requested an update in 2015/16 addressing the issues that had been raised during the meeting, namely:

- Named individuals in each organisation to be held to account;
- Clearly set out milestones showing what would be achieved in the first two years;
- More ambitious, but achievable targets for savings over a reasonable timescale, with clarity about what savings were being made;
- The planned approach to ethical and fair trade procurement; and
- A focus on ensuring that TfL's approach to efficiency would be closely monitored.

- 4.20 This item is being considered as part of the Shared Services item elsewhere on this agenda.

### **Transparency of the GLA Group**

- 4.21 In June 2013, the GLA Oversight Committee published *Transparency of the GLA Group* – authored by its rapporteur, Mayor John Biggs AM. At its meeting in March 2015, the Committee agreed a proposal to appoint Mayor John Biggs AM as rapporteur to carry out a follow-up investigation to assess the progress that has been made since the original report and to make recommendations to improve transparency in the GLA Group and the wider GLA family.

### **Transport for London (TfL) Board Governance**

- 4.22 Following a request from the Assembly's Transport Committee, it was agreed that the GLA Oversight Committee undertakes a review on behalf of the Assembly on the TfL Board's corporate governance arrangements with a view to assessing whether they are fit for purpose. This was undertaken at the Committee's meeting in July 2015.

### **Garden Bridge**

- 4.23 Following the passing of a motion at the London Assembly (Plenary) meeting in June 2015, which called on the Mayor to carry out a full audit of the Garden Bridge project's procurement, and to remove Transport for London funding, it was agreed that the Committee considers the matter further. The issue was initially dealt with at the Committee's September meeting, but following the release of additional information, the item is being further discussed elsewhere on this agenda.



### Meeting Dates

- 4.24 The table set out below shows the Committee's meeting dates for the 2015/16 Assembly year and agreed agenda items. This timetable and agenda items are reviewed and updated as appropriate.

Date of meeting	Main Agenda Items (subject to agreement)
Wednesday, 25 November 2015 at 10.00 am in Committee Room 5	<ul style="list-style-type: none"> <li>• HoPS Oral Update</li> <li>• HoPS Consultation Reports (if any)</li> <li>• Draft Committee Timetable of Meetings 2016/17</li> <li>• Secretariat Quarterly Monitoring Report Q2</li> <li>• Shared Services – MOPAC/MPS</li> <li>• People's Question Time</li> </ul>
Thursday, 17 December 2015 at 2.00pm in Committee Room 5	<ul style="list-style-type: none"> <li>• HoPS Oral Update</li> <li>• HoPS Consultation Reports (if any)</li> <li>• State of London Debate Consultation</li> <li>• Mayor's Fund for London</li> <li>• Shared Services – General/Collaborative Procurement</li> </ul>
Thursday, 21 January 2016 at 2.00pm in Committee Room 5	<ul style="list-style-type: none"> <li>• HoPS Oral Update</li> <li>• HoPS Consultation Reports (if any)</li> <li>• Secretariat Quarterly Monitoring Report Q3</li> <li>• Assembly's Requirements for Information to be Included in the Mayor's Annual Equalities Report</li> <li>• Transparency of the GLA Group</li> <li>• Mayor's Annual Equalities Report</li> </ul>
Thursday, 25 February 2016 at 2.00pm in Committee Room 5	<ul style="list-style-type: none"> <li>• HoPS Oral Update</li> <li>• HoPS Consultation Reports (if any)</li> <li>• Assembly Annual Report</li> <li>• Shared Services - Treasury Management/Single Property Unit</li> </ul>
Thursday, 10 March 2016 at 2.00pm in Committee Room 5	<ul style="list-style-type: none"> <li>• HoPS Oral Update</li> <li>• HoPS Consultation Reports (if any)</li> <li>• Allocation of Assembly Budget</li> <li>• Workforce Report (update)</li> <li>• Older People</li> </ul>

## 5. Legal Implications

- 5.1 The Assembly has the power to establish committees to discharge its functions, and the GLA Oversight Committee is one such committee. The work programme is in accordance with the GLA Oversight Committee's terms of reference.

## 6. Financial Implications

- 6.1 There are no financial implications for the purposes of this report.

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**List of appendices to this report:** None

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
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