

London Assembly Budget and Performance Committee - 13 December 2023

Transcript of Agenda Item 3 - The 2024-25 GLA Group Budget

Neil Garratt AM (Chairman): We now turn to our main item for this morning, which is a discussion of the Greater London Authority (GLA) 2024-25 Group Budget. If I could welcome our two guests this morning, we have Enver Enver who is the Interim Chief Finance Officer at the GLA; and Elliott Ball, who is the Interim Assistant Director of Finance and Governance at the GLA. Good morning.

I will kick off with a broad question. Thinking about inflation, that has been one of the big financial stories for the last year or more, how have high inflation rates impacted the planning and the work on the new draft Budgets, not just within the GLA, but across the GLA Group?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Good morning, Chairman. Good morning, Assembly Members. The inflation is still impacting. Based on the submissions that we have had so far, there is just in excess of £500 million that has been baked into the submissions for inflation. It is broadly 50/50 between pay and non-pay. Probably more on the pay than the non-pay side. That is what has been baked in. In addition to that, you would have heard at your Committee yesterday [12 December 2023] that there are inflationary factors that are impacting on the housing industry and therefore those are not in our budgets, but they impact on us.

Inflation is significantly impacting on the boroughs that we work with and consequently it impacts the services that they can afford and that they can provide. Our broad position at the moment is that it is there, we have done some factoring in. We benefit slightly because high interest also means we get better rates of return on our investments, which goes some way towards covering some of these costs. But, on the whole, we have to find, for example, in the Group at least £500 million just to stand still.

Neil Garratt AM (Chairman): Is there a lagging tail effect of the period of very high inflation that we are still dealing with or has that largely now moved through and we are just looking at more four per cent?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I do not think it has moved through yet. When we were writing the Budget Guidance in July [2023], we were drafting it in May, but when we published the Consumer Price Index (CPI) was 8.7 percent. The Government sets its allocations on the September figures, which was 6.7 percent, and the latest is 4.7 percent on CPI. So it is brilliant, it is going in the right direction. But what has already been baked into prices in the sector is the double-digit figures and those have taken a while to get as everything is costing more and it will take a while before the true effect - even if the interest rates dropped down to two percent - I do not know when that will be but let us assume that it is per the Office for Budget Responsibility forecast, it will take at least 12 months before - in budgeting terms - we get to see some of the benefits of that. By which time prices do not go back to what they were. If it is two percent, it will be two percent on to whatever has been increased up until that moment. The days of some of the prices that we have benefited from will not come back.

Neil Garratt AM (Chairman): Understood, OK. Other than inflation, are there other wider macroeconomic outside forces, things that are outside of your control, that are driving the budget one way or the other?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): From a macro[economic] perspective, we are very reliant on the Government. But the Government has many priorities. It is supporting a war [in Ukraine], still finding out way out of the pandemic with London's recovery. There is a lot going on at a macro level and we are reliant on supports. Our partners as well are reliant on support from similar sources. Therefore, that has an impact. The economy has not completely recovered, especially across the whole of the UK. Therefore, consumer behaviour impacts on us and how that affects the high streets and businesses and business rates.

Consequently, times are not feeling affluent at the moment and that has an impact on public spending as well because you have more people that need the public sector. You have more impact on homelessness, temporary housing, because people cannot afford to pay their mortgages. These are all factors that, in a macroeconomic world, all of these things have a knock-on effect that then puts pressure on public services, of which we are one organisation among many. Therefore, we are no different from others in terms of being hit by the impact of the public needing our services, but we work in partnership with boroughs, and you can see every day - and I work very closely with the borough treasurers - they are facing some very significant issues and that has an impact on us.

Neil Garratt AM (Chairman): Understood, OK, thank you, Enver. Next question from Assembly Member Hirani.

Krupesh Hirani AM (Deputy Chair): Thank you, Chair. Just on some of that, I just want to dig a bit deeper, because on the GLA's *London Economic Outlook* it concluded that London's economic future remains uncertain because of the global and domestic crises. You have already alluded to some of the challenges. But in terms of the GLA Budget, what does this mean in real terms?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Do you mean in terms of spending power?

Krupesh Hirani AM (Deputy Chair): Yes.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): In real terms we are worse off, because if you think of core spending power, for example if you look at the latest policy statement, the Government has increased it one percent. But in real terms that is a real-terms reduction to local authorities. Because if you see increase in core spending by one percent or two percent or three percent, in real terms when you look at inflation any figure that you are having that is greater than that figure is a real-terms cut.

Krupesh Hirani AM (Deputy Chair): Would you say that is the same for partners as well, just local authorities? The reason I ask this question is - this comes up quite regularly in national debates around local funding where the Government will always put out a statement saying they are increasing local spending power - what they mean is the amount of Council Tax that the councils are able to raise or funds from the taxpayer have increased even though the Government grant has decreased. But is that something that you are seeing in real terms or in terms of spending power with partners as well as the GLA?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes, we are. I cannot put exact percentages on it but, for example, in the Autumn Statement [22 November 2023] the Government said they were increasing Departmental Expenditure Limit budgets by one percent in real terms, one percent. We have just talked about CPI being 8.7, 6.7, 4.7 [percent], therefore if you do the maths, it is clear that any percentage that has increased in core power that is below the current general rate of inflation has to be absorbed by all organisations that are reliant on Government money. If you are talking to partners, it depends

where they get the source of income from, but if they are a private sector organisation then they will put their prices up to absorb that. If they put their prices up, someone is going to have to pay for those prices.

Therefore, in a circular economy, if you take care home providers, for example, they will put their prices up, but councils do not have the increase in their budgets to afford any inflationary uplift in those care costs. Or if a housing provider puts their rents up, we do not get the increase to cover that. Someone has to absorb that and that then puts pressures on reserves because your normal income and expenditure does not cover that. Eventually council reserves start to deplete and hence why you are seeing local authorities up and down the country now saying, "We have no money left." That is the real-term impact between partners increasing prices and the public sector not being able to afford the increased prices. Plus, we have had energy prices. It is not all about what providers have done. But energy prices, again it is the private sector putting up their prices in order to cover their costs.

Krupesh Hirani AM (Deputy Chair): OK. Just in terms of the [GLA] budget process, because at some point next year or maybe January 2025 at the latest, we could have a general election. So, are you making any contingency plans and what are your contingency plans in terms of the budget process if a general election is called for March 2024?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I would like to say that our budget process, as a process, is robust enough to go beyond politics because we are a corporate organisation and we set our budgets on the basis of what any corporate organisation should do. In terms of how much money we expect, again I try not to play politics with what we have. What I do think in terms of - I think I know where your question is going - is at some point there will be a Fair Funding Review and there will be a review of how the business rates will work. That is one particular thing.

Krupesh Hirani AM (Deputy Chair): Yes, not quite, I was thinking more in terms of process and logistics and the knock-on impact on Budget [and Performance Committee] meetings here or 'purdah' [pre-election period] or is there an impact in what we are able to do as an organisation if an election is called?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): With 'purdah' then we will have to look at - if it is in January [2024] - our timetable and what we do, when. I have not considered at the moment that there will be a general election in January, for example. But, if it does, we will have to look at how we work around that. A lot of this timetable, as I have explained to this Committee before, is set in the statute of the 1999 GLA Act. If I wrote it, I would not have three steps, because, for example, we have this consultation budget, which we have to do this side of Christmas before we know what our settlements are. Therefore, we have to think about what is the value of producing stuff before we have all of the information. We would have to review how we do our consultation and how the Council Tax is set. If your question is about process, then we will have to look at it if that was to happen. But I do not know if it will be in January. It could be in May, it could be in October.

Krupesh Hirani AM (Deputy Chair): Sure.

Neil Garratt AM (Chairman): In that case, the next question, we will move on to a new section, which is about budget structure and overview with Assembly Member Fortune.

Peter Fortune AM: Thank you, morning. The Mayor has the power to raise his part of the Council Tax by 2.99 percent and then there is the other elements as well to fund Transport for London (TfL) and the Metropolitan Police Service (MPS). Can you talk us through the process of what normally happens to get to the decision of how the level of Council Tax is set? What kind of discussions happen with the Mayor's Office?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I have not changed this process, I have inherited it, this process is one that repeats year upon year. The Mayor's Budget Guidance is where the Mayor sets out his intention around what sort of assumptions he is making around potential increase to the Council Tax. Usually there would be conversations with the current administration around the cost pressures that exist across the group. If, for example, we were ever in the luxurious position - which I have not spotted yet, we have not had one since I have been here - where we did not feel the need to have to increase Council Tax, then I would imagine that we would be having a conversation to say you do not really need to increase it because everything is fine and we have enough money.

We do not have enough money and we do not have enough to cover inflationary rises. Therefore, what the Mayor looks for is advice around how high can he increase the Council Tax without breaking the principles that are in place for it. But the referendum principles say what is the maximum.

Peter Fortune AM: Therefore, he looks at how high he can set the Council Tax. Is it fair to assume --

Enver Enver (Interim Chief Finance Officer, Greater London Authority): What scope there is, but really up until recently it was 1.99 percent but more recently it has been 2.99 percent. Therefore, there is not a big difference between whether he goes for zero or up to 2.99 percent. There is that element. There is the police element, which we always talk about, which is around the balance between what the Government funds and what is then delegated to the police precept. The consequence of plugging the gap, if we do not increase it, by default he knows that if we do not increase it to the precept level, when the Government is issuing grant, their assumption is the bit we have given you is the bit you could have raised locally. If you do not that is your choice. He balances that against the pressures faced by the boroughs. Therefore, he is looking at what pressures there are versus how much money would be generated through Council Tax and then we have the separate TfL discussion again, which is another source of income through Council Tax.

Peter Fortune AM: Would you say the assumption is it is going to be the maximum amount, the presumption is it will be the maximum amount?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): My assumption, I give the Mayor what the choices are, and he makes the decision. To date, he has gone for the maximum that has been provided.

Peter Fortune AM: I was trying to think of the approach. Is it right we start at the maximum amount and see if we can reduce that down or does it work the other way around, how low can we keep it and then we keep adding things to it? It sounds like we start from the presumption it is going to be the maximum amount.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): No, not really, we start with saying what are the pressures that the Group is facing and my advice usually is take the maximum that you can.

Peter Fortune AM: Take the maximum amount.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Unless we are going to go through lots of savings and cut lots of activity. I have only been here during the pandemic and during the high inflationary eras. I have never had the luxury of being able to say to him, "You do not need to increase it".

Peter Fortune AM: Do you think there is any likelihood of going for a referendum at all to look at going above the 2.99 [percent]?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Not that I have been aware of, no. We have never had that conversation. The only one that might have been was the TfL £20 [Council Tax levy], but the policy statement the other day the Government has given, with reluctance, permission for the final £20 out of the three lots of £20 increase for TfL. That would have pressed over it, but there is no indication at all that the Mayor would go over.

Peter Fortune AM: OK. From where we are and what you have said, the presumption has to be that we are going to be going for maximum increases in Council Tax.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Which is what the Budget Guidance says.

Peter Fortune AM: Yes, yes. My next question was sort of covered off in an answer you gave a while back and it is about that process, especially around the late arrival of key information from partners and how difficult it is. I genuinely understand how difficult it is for officers to work within those tight timeframes. I know we have had off-the-record chats about this but, for the benefit of the Committee and the huge audiences at home, what sort of suggestions would you have about improving the way that information flows through, or helping some of the partners to get their financial reporting in on time?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It is difficult for them because first of all we have staff turnover, there is always turnover every year somewhere in the family of senior finance posts. Therefore, when new people come in, they have to come to grips with it. No matter how much training we do, how much agreement we have with processes, you are still relying on human beings that will come into the role, recognise the process we have, get up to speed with it, and comply. There is always going to be the human factor that you have to bear in mind.

We try to make the process as smooth as possible by talking to them through the year. We do not just wait until the autumn and then speak to them about their budget process. We have done that. We look at the in-year pressures so that we are almost building the picture for the future years as we are doing it. The solution that would make the process easier would be if we had multi-year settlements to be honest with you and that is outside of our gift. Multi-year settlements would cut a lot of this process out because it would be just fine-tuning it each year. We do not have that luxury. It feels a bit 'stop-start-y'. Anything that you are doing, if you do the stop-start bit, you lose that momentum. That would be ideal but that is not in my gift.

We try to give some level of stability by - when we are allocating budgets - trying to make as much of it recurring as we can so that we do not have to have those conversations. One-off funds are normal because either the source of funding is one-off, but also sometimes you want to pilot something to see if it works, you want to be able to switch the tap off on it if it does not. But our process at the moment is within statute, therefore unless we change the statute and say let us streamline this three attempts process of consultation, draft, final draft, and then you have the individual component budgets that are in March. It feels like half the year we are budget-setting. People have day jobs to do, it is not just about the budget process, but it does feel like we are constantly doing the budget. I question sometimes the meaningfulness of setting budgets too early. Because, by the time you get to April when the year begins, a lot of the budgets you see people have been crafting since September and they make mistakes because they are rushing them. If it was down to me, I would cut some of the process, but I cannot because the legislation does not let me.

Peter Fortune AM: Something that happens every year because of that process is we get that late injection of cash. The last couple of years I have been here it is something in the region of £200 million or something like that that turns up.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): That is based on what we get from the boroughs and their estimates, which is something I am sure we will go into. But you can predict it to a certain level of certainty, but, as I have said numerous times, and so has my predecessor, we are reliant on 33 billing authorities from both the Council Tax and business rates to give us their estimates. If you brought that forward, which is not in our gift because the deadline is set by Department of Levelling Up, Housing and Communities (DLUHC). In fact, they are the ones who set the 31 January deadline, not us. I have to ask the billing authorities to send us their returns on that date and sometimes we do not get it until 8 or 9 February.

If we did it earlier, then it widens the risk of margin of error on them because then they are still in their current year and they are guessing the subsequent year. Unless you change the local taxation regime, so that it is not reliant on the billing authorities, I cannot see that changing. This is not me not having the imagination; it is genuinely the environment we work in. This is the current local taxation --

Peter Fortune AM: Absolutely. I said right at the beginning that I do understand the difficulty that officers have with this process.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): If Government gave us the settlement figure, if we got the settlement figures earlier, that would help. But we do not get those until almost one or two days before they rise for Christmas. That does not help. It is mostly about process and based on the current form of taxation that we --

Peter Fortune AM: There is that cliché of the definition of insanity, is it not, doing the same thing over and over again. That happens with that £200 million, it has turned up every year for the last six or seven years, there has been an extra £200 million turned up at the end, which is sometimes very frustrating to the Budget [and Performance] Committee and it is a political decision, not an officer decision, but it is very frustrating to the Budget Committee because we ask where that money is going to be allocated to and we are told every year, "We cannot expect that money to come in". Then that money comes in and it is allocated to a project that we did not know about. Last time it was allocated to the Free School Meals [programme], which was apparently turned around over a weekend. That is a result of the process, which as you said quite clearly is not ideal. and something that we should continue pressure on.

Just one last bit on this, Chairman, if I could. There is a consultation process that goes on when the budget document is released. How many responses do you normally get to that consultation and what kind of people or organisations respond?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Until last year, not a massive amount, I think we had about 900 people. I do not know the figures off the top of my head. If we need to look at it in the scale of the nine million population of London, it is not significant. It is the *Talk London* [web]site. But then last year we had this thing called the Ultra Low Emission Zone (ULEZ) and it did increase the number of people who were interested in our budget document. But again, even in the grand scheme of it, we had no more than 1,500. We had probably about 900 people at most for the non-ULEZ bit and then there were about 1,500. There were about 2,500 responses. But the ULEZ ones we sent them back to the Mayor's Office because it was political and we, as officers, could not respond.

The other stuff, we put it into categories, we summarised it. Last year I sent it around to all of you as well, therefore I shared that. I sent it into the Mayor's Office, and it was for the Mayor's Office to consider what they want to do about some of those --

Peter Fortune AM: Can you think of an example where, due to the consultation and some responses that came in from it, something changed within the budget?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Not within the budget that year, because the way the process works, as we just discussed, they come in quite late and a lot of the thinking for the year ahead has already happened.

Peter Fortune AM: What is the value of the consultation? I guess that is what I am digging into.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It is a valid question. What I have said before to this Committee is the budget scrutiny and the budget challenge is not just about what we do between November and February. It is a full-on process. Representations are being made to the Mayor through that, along with through other channels, and people can consider, if there are issues around cost-of-living, then he might consider if people have made comments about cost-of-living he might consider putting something additional into the budget about cost-of-living or the Warmer Homes schemes. It is those individual schemes --

Peter Fortune AM: I understand you are treading the line between what you are doing as an officer and what is a political decision. Therefore, the question is, as a result of the consultation process, there has never been an instruction to change or do things differently?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): My response is, as officers, we gather the information, we pass it into the political decisionmakers. When decisions are made about allocating money, I do not necessarily go back - maybe we ought to do that - and crosscheck between that new policy and when people have said something through a consultation process. Because I am sure that the Mayor and his administration gather feedback from public in many different ways around what they believe are priorities for Londoners. Therefore, when we talk about new projects that come up in February, even if I have not had a clue about it, someone has been advising him so that when he makes the decision to allocate money, where did that come from, someone must have said something. He did not just wake up one day and say, "I will give these kids some free school meals". Someone must have said something about --

Peter Fortune AM: Well, the interesting thing, Enver, is that is the assertion we put to the Mayor and they completely denied that there is a wish list or anything like that. It happens every year we have that conversation.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): As I said, there are pressures within the corporate organisation, which, if you read the submissions, it is there, in here. But there are pressures that come from constituents, from Londoners, and those are the things that, as officers, I am not always privy to.

Peter Fortune AM: Yes, I understand that.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): But the cost-of-living thing has been a major issue. London's recovery has been up until now. Most of the things that he has come up

with have been around addressing those cost-of-living issues through schemes that his advisors have advised him on. It is not me. It might be other colleagues of mine.

Peter Fortune AM: I am trying to be very careful to make that differential. Did you want to pause there before we move to the next section?

Neil Garratt AM (Chairman): For two reasons. Firstly, I would like to welcome a delegation of officials from the Iraqi Parliament who are joining us in City Hall this morning to see how we do things. I am sure learning great lessons on how we set our budget and scrutinise the budget process. Then the second reason is that Assembly Member Duvall I believe has a question also on this section.

Len Duvall AM: Sorry, I have three quick questions all related to this section, Chair. On maximum Council Tax levels, just remind us, are we penalised if we do not go up to the maximum level for the GLA element and the policing element of that? Is that true, and correct?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Hello, Assembly Member. Yes. On the police precept, as I described, when the Government is working out how much police grant to give, in their calculations there is an assumption that, on the police precept, that authorities will raise the income through the police precept. Therefore, when they are allocating money, the assumption is you are going to have that much from what you collect through local taxation, and we will give this much through the grant. Penalisation is one way of describing it.

Len Duvall AM: I describe it, you probably like budget pressures or wish lists.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Ultimately, what we learned from the decision by the then Mayor back in 2016/17, when the police precept was not increased, it had an immediate impact of about £33 million that year. That has had a consequential impact year upon year upon year and, if my maths serves me correctly, I have been told that it is somewhere in the region of £250,000 now cumulative that is not in the baseline ever since that one decision from that year. Because we cannot go back in a subsequent year and make the precept double to catch up. That is always there. If you look at some of the gaps that the police are now saying they have, coincidentally it is in that sort of area. That might not have been a problem had that precept been increased. Therefore, this Mayor, as much as it has pained him to do so, he takes the fact that, if he does not do it, that money is lost to the police forever.

Len Duvall AM: That strategy of maximising your income and making sure you keep that level up rather than losing it on that way that you described. Can I just turn to TfL, which is slightly different? On TfL, the levy, the Council Tax levy that is introduced there, arises out of Government negotiations coming from COVID, from the impact of COVID on TfL revenue. That TfL element is paying for concessions. Is that in its entirety, because the Government refused to pay for those concessions? Are you able to tell us during this part of the process that you have asked Government to take that back on board, which they did in previous years, pre-COVID? Are they still saying no, they do not want to pay that, and this should come off the Council Tax, is that where it is if you want to continue with the policy?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I am not privy to the individual negotiations with Government. The Government had set out what it funds and what it is not going to fund in a letter in August 2022. The current topic of negotiations is around the shortfall of at least £500 million on capital. My understanding - and it is probably more for TfL to confirm this - is that the negotiations around the concessionary fares has not been reopened because that was Government's position and the Mayor is protecting those concessions through the Council Tax. That has now been baked into the bottom line now

forever more. That is now TfL this year will have £244 million baked into its baseline to cover for these types of additional activities that the Mayor has put upon them rather than that being the national policy.

Len Duvall AM: Going back to the previous strategy, which I called it maximising your income, should we not be asking Government at this moment in time, do they want to fund this element again as they did pre-COVID and go back to normal circumstances? We might know what the answer will be, but if we have not asked, we will not know, will we? Things change, or do you think that letter has cut off; that is a new arrangement that will last forever and a day in terms of our budget structuring and what we need to take into account in the future?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): The Mayor wrote to the Prime Minister and the Chancellor [of the Exchequer] ahead of the Autumn Statement [22 November 2023] and TfL was one of the key areas in his letter. The primary ask, because obviously if you make the letter too long then everything gets ignored, but the primary ask was the £500 million around the capital. I do not know, in the official negotiations, because I am not in the room, whether TfL or the Mayor's advisors are revisiting that discussion. It is always a good idea to ask but I do not have any evidence either way to suggest that topic has been reopened. Because this time around the Mayor is focused on plugging that £500 million important capital gap because that has an impact on our infrastructure and the jobs around the UK. Therefore, quite rightly, he has focused his ask on some very specific things rather than reopening things he already has scope for.

Len Duvall AM: OK, thank you. Can I now turn to retained business rates; how long have we been dealing with retained business rates in the current form that we have?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): The current form, this current regime, was in 2013/14. But, in that, it has not been exactly the same every year because of reliefs and multipliers and tariffs and levies, those bits change.

Len Duvall AM: It has developed over a period of time, has it not? In terms of - I am going to call it a hierarchy, you will call it something else - in terms of the call on that expenditure, in terms of budget-making, how is that determined? Is that determined by Government, local government, and the Mayor negotiations - you may not be part of those negotiations - of where the spend, once we have identified what the final amount of the retained business rates we can use, how is that proportioned out? What are the negotiations leading up to? Because it does not just happen a couple of days before Christmas. We know that is the amount we get, but obviously there must be some thinking and development of what areas that money is going to be spent on and it is decided in a tripartite way. How does that work?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It has varied over the years. When there was the 100 percent retention for the 2018, the 2019 years, there was a bit more of a tripartite negotiation with the boroughs. What was created was the Strategic Investment Fund, of which the GLA had £185 million. That was what I would call the extra bit. That £185 million was for GLA projects and GLA had the decision. The Mayor, within the group, spent that money and I think there is less than £30 million left of it. The boroughs had their share, and they spent their bit.

When we then reverted back to the current 67 percent, that is not split with the boroughs because that is our bit. Then the Mayor has to decide where does that go. Within that, you have certain percentages because of what was rolled in from [the London] Fire [Brigade] (LFB), what was rolled in from the TfL capital grant. Those grants stopped and the GLA gets its money through the business rates. That bit is not discretionary. When you then look at the percentages, when the Mayor is allocating out in the Mayor's Budget Guidance, TfL

gets 84 percent of that business rates, the LFB gets a certain percentage. In my time, over the last three or four years, then the Mayor uses any top-up as he pleases. In the allocations, the 2.5 percent or the two percent that we allocate, in July it is almost prorated as per previous years, keeps going to the same places in the same way. Similar to the Council Tax.

The bit that comes in later in February, if some of that is regarded as recurring, that then becomes part of the baseline for the following year and those percentages start to change a little bit. But if it is one-off, it does not change it ongoing, it just changes it for the top-up bit. What we are talking about is, of the £2.4 billion of business rates, the bit that comes in is somewhere around one percent. Therefore, it does not really alter things in the big scheme of it. It sounds like a lot of money, it is a lot of money, I am not belittling it, but in terms of the budget process it does not change things very much going forward. Last year he spent most of it on the Free School Meals [programme]. If it comes in again this year, the Mayor has to make those decisions as to what to do with that.

If I said to him, "I think some of this is recurring", then once that is allocated somewhere that stays where it has been put.

Len Duvall AM: That is quite important. Following on that question, to enable you to plan more than year on year and to pick up those recurring elements, what are the threats to this scheme in the sense that, in terms of the retainment of issues, what can you safely predict year-on-year? Where do the threats come to in this scheme and this pot of money, which has now taken on, since 2014, even though in the scheme of things you are right, relatively small, but it is pretty significant if it is not there. If I take it away from you tomorrow, I think there will be howls, would there not? It would cause a few problems, would it not?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It would. There are a lot of things and I do not want to take up the Committee's time on it because I could do a three-hour lecture on it. But in simple terms, let us look at the variables. First of all, where does this business rate come from? It comes from within the boroughs. You have 33 individual authorities estimates that build that number up.

How robust are those numbers, is it recurring or not? Well, it is based on what they have declared and what they have estimated. What can change? What can change is when their accounts are finally audited and signed off, then you know that figure that you have incorporated - this is the local bit; I will come on to the national bit in a minute.

The local bit then is, if for example you take one particular authority. I am not going to be shy about it because it is in the press - take Tower Hamlets. Tower Hamlets has not had its accounts signed for about four years now. In the numbers that I work with, and my team work with, they are one authority and that is one year. That number could change. Let us say, for example, suddenly Tower Hamlets, all the accounts finally get audited for 2018, 2019, and they discovered that they have overstated the business rates by £40 million. Then they get their 2019-20 accounts and that is another £40 million. And so on and so forth.

It could be that we have overbaked the business rates. I have to claw that back. Where am I going to get it back from? I gave 84 percent to TfL. I have to take 84 percent of it back off TfL. So, I make the situation worse. If you look in previous budgets, TfL has been paying us back £87 million but the Government gave us the luxury of spreading it over three years, therefore that £87 million was three times that amount, so £240 [million] or whatever it was. We took it back off them relating to a previous year's total deficit.

Now, Tower Hamlets are not the only ones. You multiply up all of the different authorities that have not had their accounts audited. If their numbers start to change, and it starts hitting it, it is going to be like a tsunami,

it is going to hit us. I have to cover that because the Mayor is going to turn around, whichever Mayor we have, and is going to say, "What are we going to do?" So, I cannot empty the coffers out and give it all away. I have to build volatility reserves, which I have to cover a little bit. But this could happen. The reason why it might happen is there might be an amnesty with DLUHC to say, let us just play catchup and let us assume that all those accounts were audited for the last four years. I am not saying the treasurers are agreeing to that but that is what has been proposed.

What does that do to the business rates numbers and the Council Tax numbers that we have been assuming in the GLA? Multiply that out, we get 120 returns each year across the authorities, multiply that 120 up by the number of years of accounts not audited. That makes a big difference. I did see a Mayor's Question that came in the other day from one of our Assembly Members that said, "Why do you think it is necessary for you to report on how many accounts have been published?" That is why. Because you need to understand the variability of how many different -- it is not my team that sits there and calculates this, they add it up and then get errors as well, there are certain boroughs that get it wrong, and they get it £30 million wrong one way and that is a £60 million swing to what we assumed we were going to get. Therefore, that is the first bit. That is the bottom-up approach.

Then with the scheme, you have what is called the pilot and the retention. We could be 50 percent, we could be 67 percent, we could be 100 percent. I do not know until December each year if we get to retain our pilot status or not. If the Government said, "You can have that pilot status for the next five years", I could take a sigh of relief and go, "That is really good, at least we know that now." Then it might not be £200 million that is a surprise.

But the £200 million is useful because, if we did suddenly get all those accounts that were caught up with, it gives a bit of a buffer. Because I will not be saying to the Mayor, "Here, what would you like to do with it?" It will be, "Sorry, I've got to have that first because I have to pay these people back". Therefore, it is not the choice the Mayor gets then, it becomes a CFO decision because first comes first, I have to pay the bills to keep the lights on, which is give the money back to the boroughs.

We have been creating all sorts of provisions and stuff. COVID hit us. Government has been giving relief. In some ways that has been really helpful that the Government has been doing that. But what it has done to an extent is it has masked the real impact that has been faced by boroughs, which is now starting to surface. Therefore, as well as the inflationary catchup, we have the impact of who cannot afford to pay their business rates, who cannot afford to pay the Council Tax. That is the second bit, what does that pilot scheme do.

The third threat we have had has been this promise, or threat, depending on how you look at it, of a review of the whole Fair Funding formula and the business rates. It is only this year that I said to the powers that be, because of the potential general election, I do not think anyone is going to change this, therefore at least we can start assuming some of this money is recurring. But it is only recurring, I think, for one, maybe two, maximum three years. What happens then? Whoever wins the general election will probably want to relook at this system and at that point GLA may lose out significantly.

Len Duvall AM: Thank you very much. Chairman, the reason why I asked that question was because of future years and we may want to think about how we look at this issue again in the coming scrutiny sessions in the future and we just need to carry on. Thank you.

Neil Garratt AM (Chairman): Yes, thanks. Just on that, this dynamic you described with the MPS budget where you get the decision in one year not to increase the precept, which then you describe this sort of compounding or ripple effect over the years. That is created by the cap, because you cannot go back and have

an increase, it is a one-time deal, if you do not increase it this year, you cannot have this year's increase next year.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes. What one would have thought could have happened is when the administration that came in, in that year, at the very beginning, if they had spotted it then and realised what the predecessor had not done, they might have asked for an increase in the threshold from Government to get the Secretary of State to approve, to add that on for a subsequent year for the MPS to plug the gap. It is too late now to go back and try to recoup £240 million. That would be a phenomenal amount to have to add on to the Council Tax in one go, which would be a permanent increase to people's bills.

Neil Garratt AM (Chairman): Do you know if the Mayor has made any representations to remove that cap? Not to be political, but the stated purpose of a cap like that is to limit the increase. But, as you have just described, it creates a perverse incentive to grab the increase because, if you do not grab it this year, it will not be there next year, it is an expiring resource. So, it creates a perverse incentive to have an increase every year.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): He has asked for his increase because of the £20 [Council Tax levy] for TfL, therefore that in itself is a request to go above the limit, and that is quite a significant one, especially three years in a row, therefore that is £60 plus inflation that has been added. To then ask for an extra on the MPS bit, it is a political choice, but --

Neil Garratt AM (Chairman): Has the Mayor, to your knowledge, lobbied to have that cap removed or increased?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): No, because I think in some ways, he has always said that the council is a regressive tax, and it might contradict his views to then ask for the cap so that he can add more Council Tax. It is either regressive or --

Neil Garratt AM (Chairman): It might be that the previous Mayor had a similar thought, you see, is my point.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes, possibly. The previous Mayor did not increase the Council Tax.

Neil Garratt AM (Chairman): This perverse incentive, of course, exists with rent controls as well. It would create the same perverse incentive for landlords. Just talking about freezes in increases, which then create a long-term legacy, has there been a similar effect with the freeze on TfL fares on TfL's budget?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): You would probably have to ask TfL that specifically. You could argue that some of the gap in their funding might have been closed if the fares had increased if the same number of passengers had continued, but also you have to look at the fact that TfL have been making some significant savings that are baked into their bottom line, which might have closed the gap. Therefore, it does not mean that a £1 increase in fares is a forevermore problem on TfL because their savings might have absorbed it. You could argue the same with the MPS. The MPS have saved, I think cumulatively, about £1.1 billion, but they still have a gap - the demand there - whereas the TfL I see it more like a commercial business and they have new lines opening generating more income. I do not compare the two like-for-like. I think TfL could have, before the pandemic, absorbed the lack of fare increase by their activities and what they are doing to cut costs. I do not necessarily think that police have got the same freedoms because they cannot control the demand on their services in the same way.

Neil Garratt AM (Chairman): Arguably, the police's job is to control the demand on their services, but it is not quite such a direct link.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Exactly. Their demand does not generate more income for them whereas TfL's income generates more money. They are different models.

Neil Garratt AM (Chairman): Sorry, I do not quite understand what my Labour colleagues are saying. My understanding is that the police's job is to reduce crime, which is the thing that demands upon their services.

Krupesh Hirani AM (Deputy Chair): Just to say that there are complex factors into causes of crimes, such as socio-economic circumstances, education, and job opportunities. It is a really flippant throwaway comment. I had to come in there, Sorry.

Neil Garratt AM (Chairman): I think it is also a flippant throwaway comment to suggest that poor people and less educated people are therefore driven to crime. I think on that note we will move forward to --

Krupesh Hirani AM: That is not what I said.

Neil Garratt AM (Chairman): --climate budgeting, which I believe is Assembly Member Fortune.

Peter Fortune AM: Thank you very much. I think it was about £640 million was lost without the TfL increase. I remember reading about it at the time.

Enver, can you tell us what is the purpose of the Green Finance Fund (GFF)?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): The purpose of the GFF is to help give some cash injection on a loan basis at a cheaper rate of loan towards investments that have some way of cleaning London's air.

Peter Fortune AM: OK. Are there any limits, boundaries, or rules for how that GFF can be used?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): There are criteria.

Peter Fortune AM: Criteria. OK. What is that criteria?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I do not have that right in front of me. There are criteria around the duration. There are criteria around the green benefits of it, but I do not have all those criteria in front of me.

Peter Fortune AM: One of the concerns was that actually what it did not become was just a finance vehicle for projects that could get funding elsewhere, but I know someone else is going to come on to that. The reason I ask is that there was £150 million of it spent on ULEZ expansion. I just wondered if there are any other alternative funding options that were considered for that expansion, apart from the GFF.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Again, some of it is political so I will steer away from it, but if you are looking at what money is available to TfL - and we have just talked about, there is at least £569 million of shortfall in their capital budget - then they need to prioritise things that they cannot use elsewhere. Therefore, what they have been doing is trying to think about ways that we can

allocate funding to them from other sources that then means they still have that money available to do the other things that they could have done that are not eligible for the GFF. They will look at various pots of money and say, "This one will get Public Sector Decarbonisation Fund. This one is Government funding. This one is covered from fares. We've got some GFF money here. We can use that". Therefore, a decision was made that the ULEZ could be covered by a loan, which will pay itself back through the ULEZ income. It is a four-year payback and that money that comes back is then recycled and issued to other parts of the Group.

Peter Fortune AM: There are a couple of things there. It is a four-year payback. When is it estimated that the ULEZ will stop generating significant income?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I do not know off the top of my head, but it does start the compliance rate - do you know? I think it starts to flatline, does it not?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Yes. ULEZ compliant is forecast to reach 98 percent by the end of next financial year. As you get nearer to 100 percent vehicle compliance, your income generated falls, naturally.

Peter Fortune AM: Does that not leave a gap then?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): No, because when the loans are given on the GFF, it is not on the basis that that scheme will pay it back. It is the organisation will pay it back.

Peter Fortune AM: It is not scheme specific?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): The scheme has to show it is generating payback, both in terms of carbon and money, but the scheme itself does not have to pay all the money back. It is the organisation that is borrowing the money that has to pay the money back. Therefore, if the scheme falls over, that organisation still needs to pay the money back. If, for example, someone was to come along and 'can' ULEZ, TfL still needs to pay that money back. They cannot turn round and say to us, "It's not there anymore", because as far as we are concerned, we have lent it to them. If you borrowed money to do an extension on your house and you did not, the bank is not going to say, "Don't worry about it because you did not build your extension". The bank is still going to hold you to account to say, "Give back the money that you borrowed". What we do is, the scheme attracts the money in that it is doing something to clean the air, but it is the organisation that we hold to account, not the scheme. The scheme is a viability to think, "OK, we'll give you some money to get that scheme going" but not all schemes pay back that money in the timeframe that we decide when we are lending it --

Peter Fortune AM: I understand.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): -- that we want the money back over four years.

Peter Fortune AM: And there will be an assessment of that scheme or any scheme to see actually whether or not it was effective in what its stated aim was.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): We have to do that. We have non-executive directors who are much more expert on green finance than me who sit on these things and before the money is given, they challenge it and I take advice. I chair the [GFF Credit] Committee but

ultimately if these green finance experts were to say to me, "This is not a good deal", then I would not approve it.

Peter Fortune AM: Is that paperwork public?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes.

Peter Fortune AM: OK.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): And if it is not. We will share it.

Peter Fortune AM: Yes, it would be useful to see that. Very quickly, I am going to be parochial for a bit and talk about God's green Borough of Bromley and talk about the Crystal Palace National Sports Centre, which is having some funding from the GFF.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): That has not been approved yet. They have asked for it.

Peter Fortune AM: OK. All right.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It is still going through validation and what I cannot do, as some of you will be aware, I cannot give you the total cost of the Crystal Palace scheme because it is a commercially sensitive thing. I can tell you offline. I cannot tell you in this Committee for commercial sensitivity reasons.

Peter Fortune AM: That pulls my legs right out, does it not.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): They have asked for £30 million for phase one. It is very exciting, what they are asking for. I am hoping that we will get something that stands on its own two feet and that we can approve it, but as we sit at the moment, it is still working its way through the pipeline.

Peter Fortune AM: OK.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It has not actually come to the [GFF] Credit Committee yet.

Peter Fortune AM: Any idea of timelines to get to the end of the pipeline?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I have put a [GFF] Credit Committee in for next week, so I am hoping it appears there. I have not seen it yet. I spoke to the programme director about it and encouraged it. When I look at the plans, I think it will stand up and I am behind it, but I think it needs a bit more strengthening.

Peter Fortune AM: Yes. I went down to look at the presentation. It was very impressive.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): They are very keen, and it is another way of helping to plug some of the gap, because there is a lot of work that is needed down there, and

I want to get phase one through. We have the capital money to cover phase one, if we can top it up with the £30 million from the GFF, that gives up enough to cover phase one.

Peter Fortune AM: Fantastic. All right, we will chat about this offline. Thank you, Chair.

Neil Garratt AM (Chairman): In terms of the paperwork, you were just talking about, this was the minutes from the [GFF] Credit Committee you are talking about?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): No, I was speaking about the application of the business case for the ULEZ.

Neil Garratt AM (Chairman): Or any other project. You think that is public? I was just speaking to my boffin here who thinks he has not seen it.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I do not publish them.

Neil Garratt AM (Chairman): OK.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I suppose what I am thinking about is what I can share and what I cannot share.

Neil Garratt AM (Chairman): Understood.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I will need to double check that.

Neil Garratt AM (Chairman): Yes. If you could share that with us that would be lovely. Thank you very much - or whatever information you can because I think we feel that we do not have much visibility into it.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): OK.

Neil Garratt AM (Chairman): OK. Continuing on the theme of green finance, we have Assembly Member Russell.

Caroline Russell AM: Thank you, Chairman. I just want to go back to the ULEZ and the funding for that. Am I right in understanding that if ULEZ was cancelled, then that loan money is still repayable, and have you a figure in terms of what that would potentially cost?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It will cost whatever they have borrowed and what is still outstanding.

Caroline Russell AM: Plus interest?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Plus interest. I cannot remember the rate of interest that we gave, but it was below the Public Works Loan Board rate so it will be whatever interest is due back on it.

Caroline Russell AM: OK. Thank you. Useful to know. Assembly Member Fortune mentioned the tick-box green projects which might have been funded by other mechanisms. What are the safeguards that the GLA

has in place to ensure projects that are approved by the GFF are properly delivering benefit that would not have happened otherwise?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Good question. I think, because it is relatively early days, at the moment the safeguard we have is the rigour of what gets approved and what does not get approved in terms of the criteria. It goes through a Green Steering Group, first of all, and that has to pass all of the environmental folks' challenges. Those guys are experts at this. It then has to come to the [GFF] Credit Committee, which then goes through another level of checking its credentials around what it is actually saying it is going to do and the finances and the costs of it. Then that will be monitored. If it is within the [GLA] Group, we will then incorporate that into the normal climate budget monitoring. What I have not quite worked out yet - and just because I have not, it does not mean that someone else has not - is the monitoring of the money that is lent outside of the GLA Group to other organisations and how we are checking that those schemes are still delivering what they are supposed to be delivering.

Caroline Russell AM: Those would be local authorities or other public bodies?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Local authorities, NHS, the museums. The criteria that we spoke about at the last Committee that I was here at. Those type of organisations. The rigour will be at the point that you allocate the money. From a pure finance point of view, all I care about is that they are paying it back. With a green finance hat on, I am also interested in what it is actually delivering. We have to capture that in the round through the wider green finance work and the green work that we do, but my environmental colleagues work very closely with the teams in those organisations. What I do not know for sure - and you will probably have to ask them - is what they do on an ongoing monitoring-basis. It is still early days. ULEZ is up and running but some of the other schemes have not happened yet.

Some of the TfL ones are. We talked about the light-emitting diode (LED) lighting. The lights are starting to change in a lot of stations. If that has happened, I am not quite sure what more monitoring one can do because I am assuming if they have changed the old type of lighting to the LED lighting then job done, on the basis that whoever agreed that LED lighting is the right thing to do has checked that in the first place. Once the LED lighting is in, you think, "OK, it is done". There will always be newer, better LED lights so at what point do we keep changing them?

Caroline Russell AM: I suppose it is managing that risk. For projects that got through the approvals process with the Green Steering Group and the [GFF] Credit Committee, have we got mechanisms in place to double check on the delivery of those green benefits?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I will have to double check that, but it is something that we should be doing. My assumption is that my Environment colleagues stay close to it. It is outside of my remit once we have given the money and I have people that are checking that it is being paid back. I am checking that we have gone through the rigour before the money is allocated in terms of does it hit the criteria.

Caroline Russell AM: Yes. Maybe we can pick that up later in the process with the Environment Team so that we are absolutely clear that there is not a space for things not being delivered.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes. I have checked that no one has messaged me to tell me, but no one has given me the answer, so it has not happened.

Caroline Russell AM: OK. My other question is about Scope 3 emissions. This is the bit that is potentially really difficult because it is the emissions that come from the consumption of goods and services in London but are emitted outside the London boundary during the production phase. That is going to be a much, much harder piece to manage, monitor and keep track of. Can you confirm what the plan and the timing is for adopting Scope 3, including the Scope 3 emissions, in the climate budgeting process?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Last year when we did it the first time, being typical me I said, "Right, first year we are going to do this, second year we are going to do that and the third year we are going to do this". People said, "Whoa, hold your horses" and I said, "No, not until somebody tells me I am being ambitious". I have been told I am being ambitious, and I am being ambitious. I was trying to find the right script and I cannot find it so if you can dig it out for me while I am giving the Assembly Member the update --

Caroline Russell AM: Yes, because it was --

Enver Enver (Interim Chief Finance Officer, Greater London Authority): The answer to it then is we cannot do it by 2025/26; it is too hard. Oslo has been doing this for seven years. It is a much smaller city than us, it is further ahead in terms of its clean air, and it has only in its seventh year introduced Scope 3. On that basis --

Caroline Russell AM: Yes, I am really relieved to hear that because I --

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Oh, I am glad you are relieved because I was thinking you were going to tell me to do it 2025/26.

Caroline Russell AM: No, I raised it before over the previous years that, blimey, Scope 3 is really ambitious so acknowledging that shows that you are trying to do it properly.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I cannot find the exact script, but let me tell you we were the first pilot city to get Scope 1 done and we are still ahead of the game. We are doing our second year of climate budgeting and talking to boroughs, and some cities have not even done their first, so we are still ahead of the class, really good stuff. London is a big city and that is really good. Level 2 is proving to be a bit harder and not all boroughs jumped for joy to join us. I have a list back at the ranch and Assembly Member Hirani has asked for the list. I did not want to say it out in the public meeting because I do not want to put people off, but I can circulate the list of the 13 that we think are with us on this journey. The others have said they might do it in 2025/26.

What we have agreed with the Environment Team is that this 2024/25 year and 2025/26 year we will get Level 2 to a really good place. There is more work to do on the climate budget returns that have come in for this round and I am not overly happy. There are justifiable reasons for it, but by the time I get to the February [2024] publication I would like to see some of these climate budget returns and some of the gaps filled. I get that some of them cannot be, but for some of them there are gaps in places where I was a bit disappointed when I saw the overall returns. Then next year, I want to make it even better.

It does not mean just because we are not building Scope 3 into the climate budgets that we are not doing Scope 3 work. The Environment Team is doing that. What it is saying is it is probably a bit too ambitious to get to Scope 3, at least within the next two or three years. We will take stock each year and we will update you, the Committee. We do not want to give up on it, but I am a reasonable person and previously I was being a bit too ambitious. Now that they have explained the reasons why it is too hard, I get it; we just do not have

the resources to incorporate it. Let us get Level 2 in there first of all. It does not mean we are giving up. It just means once they told me that Oslo has only just done it - and you heard Oslo speak in one of the previous Committees - I have got to take some notice from that.

Caroline Russell AM: Yes. To be honest, if you can get the Level 2 emissions into a good place over this next couple of years, that would be an incredible achievement.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes, I think so.

Caroline Russell AM: It is much better that we do this properly than that we claim we are doing what we are not doing. That candour is really appreciated. I had been wondering because we were expecting Scope 3 in 2025/26 and then it seemed to be 2026/27, so it is much better and now you are saying it could be a bit later than that still.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It needs to be later. I do not want to be talking out of turn here, but I have not got signoff from the relevant Deputy Mayor and the Mayor that I can push it back. The Environment Team will be advising that it is not, in their eyes, feasible to stick with 2025/26 and I think the Mayor is going to be reasonable about it. We are not saying to the Mayor that we are trying to push back his targets, but we can only do what we can do at a reasonable pace.

Caroline Russell AM: Yes. I am responding completely off the cuff here, but it does seem that if you can what we will as a Committee want to see is that Scope 2 emission work being done in a really robust way. It is absolutely fair enough to say, "We have been over ambitious" and from my reading of all the data it felt over ambitious. What we are going to want to see, and track is the work that is happening on Scope 2 so that we can see that that is embedded and making a proper difference.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes, I agree.

Caroline Russell AM: Thank you, Chairman.

Neil Garratt AM (Chairman): Assembly Member Pidgeon?

Caroline Pidgeon MBE AM: Yes, I was going to ask you about Scope 3 because it is very difficult, so it is good that you are pausing on that. I recall at the previous meeting we questioned Phil Graham [Executive Director of Good Growth, Greater London Authority] and I was not convinced we had the resource even for the next Scope 2. I did not feel it was being developed. Do you feel that the organisation has enough resource in place to help with this climate budgeting?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I thought we did at one point and then we have had some turnover. These people are really hard to recruit, and they are really hard to retain so there is recruitment going on again. It feels right that it is hard because everyone is trying to do this, which is good news, but it means we are all fishing in the same pool for the same limited resource. The green stuff is really difficult, and finance is difficult. Then you put those two together and you are after a very, very niche market of people who know what they are talking about. I want people that know more about it than I do. I have been on a steep learning curve, what I know in comparison to these people that we are bringing in is miniscule, but I do not need to know everything because that is what we employ them for.

Caroline Pidgeon MBE AM: Yes, we need to get the resource in for that, OK.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Some of it. We have got some teams, but I think we have three vacancies arising out of those because these people are being nabbed from elsewhere.

Caroline Pidgeon MBE AM: Of course.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It is weird, but we have --

Caroline Pidgeon MBE AM: The sell of working on London leading the way on this, I would have thought, would be rather good for people's curriculum vitae.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): There are a lot of private companies that sell these services and once someone has this experience, they pay very good money.

Caroline Pidgeon MBE AM: Yes, of course they do. Of course, they do. Going back to the GFF, what was the figure for the original ULEZ loan to TfL?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): From memory, it was £185 million.

Caroline Pidgeon MBE AM: £185 million.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It was in that ballpark.

Caroline Pidgeon MBE AM: That plus the interest is what will need to be paid back over the term?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes.

Caroline Pidgeon MBE AM: OK.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): We might be able to negotiate on how much of the interest. We are talking theory here.

Caroline Pidgeon MBE AM: Yes, we are talking theory.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): If in the eventuality that was to happen, bearing in mind it is another member of the Group and the funding is a bit circular, it would be questionable whether we would then --

Caroline Pidgeon MBE AM: Yes, I understand that.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): -- do what a bank would do, which is make them pay an early-repayment payment. At least the capital would have to be repaid.

Caroline Pidgeon MBE AM: Yes, I wanted to get an understanding of the scale. Then in the written response to [GLA] Oversight Committee in November [2023], Catherine Barber [Assistant Director, Environment and Energy, Greater London Authority] said she would publish a detailed annual report for the GFF. When are we going to see that? It feels like we have been talking about this for the last few years and I want to see something concrete to understand this Fund.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I am guessing here, but I think we are talking about June [2024]. The reason why I am saying June is that, although we have been talking about green bonds that never really took off.

Caroline Pidgeon MBE AM: No, it did not take off.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): This GFF has really, I think, only been kicked off in earnest since I have been covering and that was from about June [2023]. My recollection would be it would probably be about a year from then so I would expect it to be about the same time as we do the annual accounts and everything else. You almost cut off around March time and then you have got the rigour and the --

Caroline Pidgeon MBE AM: It would be like the financial year really.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Probably, yes. I do not want to over promise --

Caroline Pidgeon MBE AM: No.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): -- but I would say that you should be seeing something around June [2024] time.

Caroline Pidgeon MBE AM: OK, that is wonderful.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): In the meantime, we are updating the Committee on progress around what we are investing in and what we are not. The annual report should be what you already know by that point because hopefully we have been keeping you up to date anyway.

Caroline Pidgeon MBE AM: Yes. OK, lovely. Thank you, Chair.

Neil Garratt AM (Chairman): Thank you. I do not see anyone else indicating to come in on the GFF so we will move on to the next section, which is looking at the Mayor's Draft Budget. There was this notorious 21 percent increase in staff costs, which we discussed last time. What led to it? That is quite an extraordinary position to be in where we had a purported 21 percent increase in staff costs that was not real and was an error somewhere down the line.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): OK, if I can come on to it.

Neil Garratt AM (Chairman): Yes.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): First of all, I sent our Committee Clerk here, our Senior Policy Adviser, a paper two days ago on it, a full explanation. For the benefit of the public watching, there was an error, but the error was not in 2024/25. What has been going on in Finance is over the last year we have been recruiting finance business partners, we have had a Financial Improvement Programme and our quality of our finance work has been improving. That is the first thing.

Secondly, when we were focusing on the GLA and the Mayor's side on moving from missions and foundations to themes, there was much more work being done to focus on what goes where in the budgets. Not to sound flippant - and it will sound it, but I do not mean this - the subjective analysis is an accounting analysis sheet that is done at the very last minute and not a lot of attention has been paid to it in the past. 2024/25 was done correctly because when the Team was looking at what costs sit where, the analysis that was put in between staffing and programme, etc, was correct. What it exposed though and why it looked odd at the time was what was this increase between 2023/24 and 2024/25? When it was done, 2023/24 was not done in the way that I would have done it.

What is the main difference? The difference is that when you get a pot of money - say someone gives you £100 million and says, "We are going to do this programme" - when the money is first given to you the accountants say, "Who is going to spend it?" Let us say that is this scheme. The money gets put into one place against that cost centre and the subjective is "What is it? Is it suppliers? Is it staffing? Is it transport?" It is that kind of stuff. At that time, sometimes it is not known so people put it into the place that they think it should go, which is against suppliers and services, which is where programme goes because they do not know any other split. What you should then do is, as the programme develops, you work out there is an element of that, which is staffing. Whilst we deal with it and we recruit the staff, we put it into the headcount and we do all of the rigour, what was not happening necessarily is in terms of the accounting treatment someone then doing an adjustment to the budget and moving it off the suppliers and services line and putting it into staffing.

When we allocated the staffing in 2024/25, we looked at each of the programmes. I am saying it is still work in progress, but where I am comfortable is that the staffing element was correct. I wanted the same exercise done, which we did not have a chance to do because we went too early on the draft budget. There have been a few mistakes that we have spotted, which we are fixing along the way, and there was so much attention into switching to the themes that some other things got dropped. The Team is only human, its deadline was three weeks before all the other functional bodies - and still some of them did not hit that deadline - so what I was asking for was probably a bit too much. It is no discredit to the Team and the Finance Team did an excellent job, but we are doing a more excellent job now. We opened it up and we started to move the stuff that was sitting in suppliers and services into staffing. There were things that were also in staffing that should not have been in staffing. Say for example you have an external scheme, say it is £10 million and there was £4 million of it, which was income from an outside source, income should go to income. But because it was netting off the staffing cost, that income was being badged against staffing, so I have taken that out as well.

There is not a 21 percent increase. It is just that we were comparing apples and pears. The actual figure for 2023/24 was £102.7 million in the original budget and the actual figure for 2024/25 is £106 million so the difference is about £4 million. There are ups and downs, but it is primarily the pay award for 2024/25. We have fixed it, it is not a new staffing cost and we have always counted the staffing. It is just that subjective analysis, which is a pure technical accounting analysis. You could say, "Why have people not looked at it?" I wish we had, "But why has no one else noticed it?" The point is it is now done and rather than ask for permission I am saying we have fixed it now and from now on there will be more rigour in what we do as we have got better people, better systems and maybe better oversight.

Neil Garratt AM (Chairman): I am sure the oversight has been superb throughout. That makes sense as an explanation. In terms of structural incentives, I would not want to beat you up about fixing a mistake because I would want the incentive to be to fix the mistake and I am pleased that that has been fixed. For the figure that is in there now, just so I am clear in my own mind, the total amount of spending was correct? It was simply within that, it was not within which project or which activity, and it was how that was coded versus, as you say, staff costs or suppliers and so on?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): That is right. There is a shortfall, you will see, in the letter that comes to you. The current financial regulations do not permit movement from suppliers and services into staffing, which is probably why the accountants did not do it. I have overridden it and I am going to be changing the financial regulations to get rid of that nonsense rule because it does not make sense. I am sure it was created at a time when it was stopping people from creating too much headcount, but then that creates a perverse incentive to go out and get externals in at higher rates to do things when you could employ them in-house. Why do we want to create rules that create perverse behaviour? I am not going to shy away from it. This is an organisation that is growing, we need staff to do it, we need good quality staff, and we have to pay them the right salaries to do it. Whilst it is uncomfortable for some people to see the rising cost of staff, it is the right thing to do.

Neil Garratt AM (Chairman): In that case, the current figure is now correct, you have corrected the figure and you also have or are about to remove a perverse incentive. These are all good things as far as I am concerned, and this 21 percent oddity has flagged that up and got them fixed. That is a positive sign.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes. If we had been doing that process right back from day one, that would not have been an issue. I do not know when that practice was in place, and I do not have the resource, the time, or the inclination to go back and fix it for years. What I am saying is going forward I am fixing anything that I find that needs fixing. It is not me finding it. The Team had spotted it when they were doing the 'themes' work and said, "This is what we need to do". Having high calibre, good accountants that are doing this, I do not want to disincentivise them by telling them off for finding stuff that was not right.

Neil Garratt AM (Chairman): No, absolutely. Within Finance, you do not want to incentivise people to hide problems to avoid them coming to light, absolutely. That is a positive story, and I am quite happy. Have we found one example of where this slightly unusual early budgeting process has generated some positive news? We are all scratching around to find a benefit of it, and we are all stuck with it because of a statute, but anyway maybe this is an example of where it has delivered a benefit.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Working on it gives people a chance to get things right because mistakes will happen whenever you start it, but I also need to think about people's welfare and how much we are pushing them into it. When they are focusing on budgets, budgets, budgets for six months, what is it that they are not doing while they keep on feeding the machinery of turning these numbers around? That is the issue. I am not saying that transparency is the wrong thing, but they are also supposed to be advising the services that are trying to deliver things, but we are constantly focusing on monitoring and updating budgets. However, it is also important to be having time to do advice and to lift your head up and look over the horizon to say, "What are the threats and the opportunities that are existing?" so that we can spend time doing negotiations, asking for more money and developing better business cases. All we are doing is focusing on budgets.

Neil Garratt AM (Chairman): Yes, absolutely. I do not know that we will get much dissent on that point. On that positive point and thinking about this change from missions to themes, was there a consultation process that you went through? Who did you talk to about that either within the GLA or outside about what that would mean, not necessarily about whether you wanted to do it, but what that would mean and what the implications were?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): A few years ago, when I joined and I looked at our performance framework, I noticed that it was very inputs/outputs-focused. Some of you will know that from my previous career wherever I go I like to transform things and I am quite outcomes-

focused. I have looked at this in the Cabinet Office, I have looked at it in the Home Office and looked at performance regimes and questioned. It is all well and good counting this stuff, but what difference does it make? How do you shift the dial?

We had the pandemic, so we moved towards missions and foundations. I did not have a great deal of say in those because the London Recovery Board, as it was then known, set the missions. I had a say in how we moved forward with setting up the performance framework because it sort of sits under me, but of course I work within a political setting. I do not think we were ready to move towards 100 percent outcomes-focused when we did missions and foundations, but that was the intent of it. We got so far with it, but the data did not back up what we do.

As we started to move forward, I recognised that there were some people, within both the officials and non-officials, who were criticising the current missions and foundations, including some of the Assembly Members. We were looking at "We know we are going to have to replace this" and it was an opportunity to look at outcomes to say, "What is it that we are making a difference on?" Inputs are easy, outputs are harder, and outcomes are really hard. Then we had to look at how those would shape. We had to design something that in my opinion is evergreen. Whoever wins the Mayoral elections, whether Mr Khan returns or whether there is a new person, I would want them to look at it and say, "This is not political. This is good practice".

I did not consult too much. What I did do is I did talk to the Mayor's Office, and I did talk to Executive Directors and some of the senior team, but there is a risk that if you consult too wide people misinterpret what you are trying to do, and people start worrying about their jobs or they think you are getting political. It is not political. It is about saying, "Will we still do housing?" Yes, we will. "Will we still focus on the environment?" We will. "Will there still be things around social justice?" You might change the name on the box, but what is that thing doing? What we are doing is we are now speaking to experts and to other places around how we are then going to measure what "good" looks like, we are building a set of outcomes under those themes and then there will be more work going on underneath that. Some of the projects are things we started to do a few years back under missions and foundations, around logic chains/theories of change and we are looking at that again. If I stop to do lots of consultation although it is the right thing to do, I am then not focusing on the task because everyone is going to have an opinion and I will not be able to please all the people all the time.

What I would like to do is get it to a certain point where there is a straw person or a straw thing to look at to say, "This is what I think is evergreen" and then hopefully, post-May [2024], we can talk to whoever comes in and say, "What do you think?" I am hoping that what we put on the table will be good enough that internally we would have consulted to the right degree. There will be some bits that we can leave that can be fine-tuned to make it fit whichever flavour people want, but it has to be about delivery, the delivery needs to deliver outcomes and that is what the primary driver of this is.

We are working to a piece of legislation that is outdated and we are working to a scheme of delegations that is outdated. This is an opportunity to press the reset button and to say, "Can we do things differently to measure outcomes that the GLA does so that there is a direct link to what Londoners expect?" Whether we are delivering or whether we are commissioning or whether we are influencing or convening, we have to capture that to say, "This energy/this resource is making a difference where it matters". You need a regime that picks up when it does not make any difference that can then question that and say, "Why are we doing this? We need to stop, and we need to recycle that money to where it makes a difference". That needs to be driven by the Mayor, but at the moment as officials we are doing what we are doing in order to build something that whoever is in charge says, "This looks good". That is part of the governance, performance, and financial regime.

Neil Garratt AM (Chairman): Understood. That makes sense.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Therefore, I have not consulted widely for the reasons that I have just said; that it is still being created.

Neil Garratt AM (Chairman): No. Thank you. That is a very clear answer, thank you very much. There will be some further questions evidently, but a final question from me. In terms of this transition, one of the issues that we spoke about last time was how we do the like-for-like comparison. Part of our work as a Committee is to see how things that were progressing previously continue, some of the things that were underway under the missions as their termination point is this coming year [2024/25], not the year just ending. In the consultation budget that comes out, will some of the recommendations that we made from last time be in there that will allow us to do that like-for-like comparison, to check things that were already underway and confirm that they are underway and finishing correctly?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I am drafting a response to you at the moment. There are certain reasons for what the consultation budget does and there are things what the consultation budget does not do. The consultation budget is not meant to replicate the component budgets. Some of the things you are asking for are at a level of granularity that does not fit into the consultation budget, which is pretty much a Council Tax consultation budget from the Mayor. It is already too long, and I am trying to find ways of cutting it out. What you are asking for will be factored into the final GLA component budget.

In terms of the specific, which was around the transition from the missions and foundations to the themes, there are two answers to this, and I will come on to the individual key performance indicators (KPIs). The specific is we put an appendix in that shows how you went from missions and foundations to themes. We cut it one way. I had two different versions of it and, as we have said in the Committee and I think David Bellamy [Mayor's Chief of Staff] said it, you can ask for whichever cut you want. We will produce it and we can send those. I do not think there is much benefit in having six different alternatives in a public document because I am not sure what value it adds, but we have cut it different ways. We are still building the SAP system [GLA accounting system], which belongs to TfL, so that hierarchy is very difficult, and it is very manual, so it is not a quick thing to do, but we have cut it different ways.

On the bit you specifically refer to, which is around missions and then things going beyond 2024/25, missions will not exist. I want to clear up that misnomer. Missions are stopping. I am not going to continue to monitor on missions at the end of this year, but there are individual KPIs, based on the recovery elements of those missions. During the outcomes work, if they are deemed to still be suitable activities of work that fit within those themes, they will then make their way into the new performance regime and those will continue if they are still shifting the dial.

Neil Garratt AM (Chairman): Understood.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): The missions themselves will not be because I do not have the resource to keep monitoring missions and foundations and Directorates and themes. We will continue with Directorates, and we will continue with themes, but missions and foundations will stop as a monitoring tool. Individual KPIs that continue past that April 2024 will still be embedded into the new performance regime.

Neil Garratt AM (Chairman): OK, that is what we wanted. The cynical view of it is that the change happens, then suddenly a whole load of things that were not going well get quietly forgotten about and then

we have all these new, shiny things. It is making sure we can keep looking at the other things and I think you have given us reassurance that we can.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I think so, but ultimately it will be for each of the sponsors, the leads of those themes, to come back with what they think are the right KPIs, but my central team will just check what has happened to them. It is not ultimately just my choice because those people are responsible and accountable for delivering a service and therefore, they need to have a set of measures that they can perform to. There will only be a set number of those, and it is important that they are focusing on the things that make a difference.

Neil Garratt AM (Chairman): Yes, OK. I should say that overall, the switch to focusing on outcomes rather than inputs and processes is a welcome change from my point of view.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): That will take a while to embed because it is a big cultural shift as well. I have wanted it, but it did not happen overnight when we did it in central Government departments and it will not happen overnight here because people always default to inputs and outputs whenever you talk to them.

Neil Garratt AM (Chairman): It is easier to measure the inputs. Assembly Member Pidgeon?

Caroline Pidgeon MBE AM: Yes, I wanted to pick up from the discussion. You are clearly doing a huge amount, looking at all our systems, Enver. What other technical issues have you found with how City Hall does its accounts and finances that is not best practice that you might like to change in the future? Why did Audit not pick up this issue, which I am surprised at? You have talked about how you allocate staffing or suppliers and whatever. Can you also update us on how many financially qualified staff you now have in the Team and how many accountants? I recall from previous discussions that lots of staff working in Finance did not have any qualifications.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): There are quite a lot of questions there, Assembly Member.

Caroline Pidgeon MBE AM: I know. I realise we are pacing the time we were given and also --

Enver Enver (Interim Chief Finance Officer, Greater London Authority): OK. The auditors look at the actual figures in the accounts - their focus is not budgets - and the expenditure sits in the right place. When you pay staff, that payroll hits the staffing subjective so they would not have picked it up. They do not worry about the budgets because they are focused on whether the accounts are correct, and the accounts are good.

Caroline Pidgeon MBE AM: OK.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): In terms of what other technical things, it is a robust system, and we have a good finance regime. What we have is an antiquated ledger system that we use, which is TfL's, and that is going to be replaced going forward, which is why you saw in the GLA component budget an increase in some of the information technology costs. Those will keep going up because we have not invested over the last 20 years into some of those systems because what the GLA was created to do and what the GLA does now are very different things. What we have got is the equivalent, if you are looking at mobile phones, of us using one of those old Nokia 'bricks', whereas what I want is an iPhone 15 equivalent. That is what we are going to move towards, it will take us a couple of years to get there and that will improve.

With regards to qualified accountants, I cannot give you the exact total number, but everybody who is grade 10 and above in Finance is a qualified accountant. We have done that cut-off point and anyone who is not qualified is not allowed to apply for a post above grade 10.

Caroline Pidgeon MBE AM: Right, OK. Lovely, thank you.

Neil Garratt AM (Chairman): I do not see any other indications on that topic, which moves us on to the next topic, which is TfL, again Assembly Member Pidgeon.

Caroline Pidgeon MBE AM: Lovely, thank you. I am not sure whether it is you or Elliott on this. You will have looked at what has been going on with TfL and you talked about it earlier. How do you assess TfL's financial sustainability for the next year and what do you think are maybe some of the key risks?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Hi. TfL has been through quite a challenging period the last few years, it is coming out of that now, it has seen upticks in its passenger numbers, and it is forecasting for that to continue. It is heavily reliant on fares revenue to support its costs and it is moving in the right direction. The forecasts that it has included in its budget submission show it increasing its reserves, which is one of the measures that it is using to track its self-sufficiency to a level of £500 million by the end of next financial year. That is a reassuring sign that its financial resilience is increasing.

Caroline Pidgeon MBE AM: Is it to or by £500 million, you said?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): To £500 million.

Caroline Pidgeon MBE AM: To. Yes, thank you.

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Its general reserve increases to £500 million by the end of the next financial year so that is a reassuring sign about its confidence in its financial resilience. Those forecasts are run on many assumptions about the behaviour of London's commuters primarily and the new environment of working from home has made those assumptions a lot more volatile. That is a useful question to talk about with TfL when it is with you.

The biggest risk to TfL by far is on the capital side and the substantial investment, which is needed, particularly in the Piccadilly line, over the coming year or two and the affordability of that is very dependent on contributions from the Government, conversations on which have not yet concluded. I know you have only recently received the budget submission and we are very sorry for the delay in that. That will have talked about a £500 million request, which has been made to the Government, a different £500 million to the reserves ones though. Try not to get confused. We are still awaiting the outcome of those conversations with Government. If that £500 million capital investment is not forthcoming, that is extremely problematic and will need considerable unpacking in how to respond.

Caroline Pidgeon MBE AM: Yes, it is eking out the life of all these sets of trains, is it not? Another £500 million? Everything seems to be £500 million. Is the facility that the Mayor announced in September 2022 for TfL still going to be available and how much of it has been used or is planned to be used that you are aware of?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): To the best of my knowledge - Enver, jump in if I get it wrong - it is still available and it has not been drawn down on.

Caroline Pidgeon MBE AM: That would be my assumption, yes.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): That is correct. I can confirm that, yes.

Caroline Pidgeon MBE AM: It is still going to be there as backup?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It should be because it is a cash drawdown facility.

Caroline Pidgeon MBE AM: Yes, so it is just backup.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Our cash balances, touch wood, are still --

Caroline Pidgeon MBE AM: There is no wood in this though.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): There is no wood, is there?

Caroline Pidgeon MBE AM: Yes.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): But it is quite OK at the moment.

Caroline Pidgeon MBE AM: Yes. OK, thank you. You mentioned, Elliott, that the submission was late. Can you explain to us why it was not published by the deadline set out in the Mayor's [Budget] Guidance, what impact this has had on you in terms of preparing the consultation budget and were you even informed of the delay? What was going on there?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): As Enver talked about earlier, we have an ongoing conversation with the functional bodies, so we do not publish the guidance, wait until 24 November [2023] and then hope for the best. Firstly, we were reassured there was lots of work going on within TfL to produce its budget and we were confident that that was all going well. We were also well sighted on the conversations it was having with Government about the £500 million. The tricky thing was the sensitivity of those conversations with Government and the potential for publishing on the deadline of 24 November, pre-empting, undermining, jeopardising the conversations.

Caroline Pidgeon MBE AM: It did not want to show its hand?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Those were sensitive negotiations and still are sensitive negotiations. The position TfL found itself in was wanting to comply with the Mayor's guidance - and there was no negligence or ambition to contradict that - versus needing to ensure it gets the best outcome of those conversations with Government. That ultimately is the tension that was playing out around that time. I know that the Chief Finance Officer of TfL has written to

the Chairman of the Committee to explain that situation and offered to talk to you personally about it so hopefully that is a helpful offer.

We knew that was happening before the 24 [November 2023]. It was difficult when it was not publishable on the 24 [November] and our Team is good and able to respond quickly and flexibly when things change so that is what we have done. Because we have good links in to the functional bodies, we were able to get the information that was needed to keep things ticking over so it was not a –

Caroline Pidgeon MBE AM: You were able to get some information, even though it was not publicly published, and you were getting the information sent to you?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Exactly. It was not a total black hole from our perspective, and we were able to pass some of that information on confidentially to the Secretariat [of the London Assembly] so that your scrutiny work was not hampered too much, too. It is challenging, but it is better to get the right outcome from the conversation with Government.

Caroline Pidgeon MBE AM: Yes, but you were able to share some information. I had not been aware of that with our staff for our work.

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): It was confidential. The aim is not to hinder scrutiny but not to jeopardise conversations.

Caroline Pidgeon MBE AM: No, of course and we understand that. That is lovely. More for TfL, I want to pick with it about the ridership figures and what it is seeing across industry, the fares income.

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): That is a good conversation.

Caroline Pidgeon MBE AM: There is a shift there. I met with Southeastern [Railway] recently and it is starting to see a shift, even since the half term, of people going in more. It is going to continue to change so we need to tease that out when we get TfL before us. Thank you.

Neil Garratt AM (Chairman): Thank you. Assembly Member Hirani?

Krupesh Hirani AM (Deputy Chair): I wanted some clarity on whether, Elliott, you could spell out what the impact is of not getting that £500 million, especially for the Piccadilly line?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): There are two ways to talk [about it]. The £500 million is an assumption that the Government will jointly fund TfL's Capital Programme, half TfL, half Government, 50/50. It relates to £1 billion of investment. If you do not get the £500 million, that is £1 billion of investment that is at risk, not that that will not happen but there is that risk. By far the biggest element of that is investment in the Piccadilly line, rolling stock, signals, and tracks and that is around £350 million of the £500 million. TfL will be able to talk to you better than I can about the scenario planning that it has in place, depending on the amount of the £500 million that is received. Enver?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): To add to everything Elliott has said, there is a health and safety issue. If we cannot afford to do it, then we do it and then we stop something else, but if you are not investing into your rolling stock there is a health and safety [issue]. It is

going to mean that in order for passenger safety TfL will have to at times probably reduce the service because it will be running on antiquated stock. There are people who need to build the stuff so there are jobs that are going to be reliant on it. Not getting it and if TfL does not proceed or proceed at the pace that it wants to, there will be consequential impacts on the wider economy and on passenger journeys. If the lines that are impacted have to be closed at certain points, then it puts more pressure on to other routes and therefore on other people's passenger journeys.

The most important thing to point out is health and safety. I remember not the current Commissioner [of Transport for London] but Andy Byford [former Commissioner] saying his uppermost priority was health and safety. He would not gamble with that, nor would anybody because you end up being liable for it. If we do not get the money into TfL, then there are going to have to be some real tough decisions around what bits of the Capital Programme it stops.

Krupesh Hirani AM (Deputy Chair): OK. Is the investment in the Piccadilly [line] fleet to maintain the current level of usage or are you expecting, let us say, an upturn in ridership as a result of investing in the line? I am trying to think of a way from a finance perspective. Is it something that pays for itself in the long term or is it simply fixing what it is from a safety point of view?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): We talked about the analogy I used about phones and systems. Something has got to be fit for purpose, it is about health and safety, and it is about being able to continue to provide the service. If it is reliable and safe, hopefully one of the benefits is it increases ridership, too, because people know that they can go to the Piccadilly line and they will not say, "I cannot use that". There are certain lines that I do not use because there is always a problem with them. If I know that a line is safe and works well, I use it more and I am assuming that most logical-minded people would do the same on the way to work whereas people avoid things that they do not think are safe or reliable.

Krupesh Hirani AM (Deputy Chair): OK. Picking up also on the earlier point made - I think you mentioned - about the Local Government Finance update, which confirmed that the Government would not resist the £20 Council Tax levy for TfL. Some of the language that was used by the Secretary of State [for Levelling Up, Housing and Communities] was "... it is disappointing that London taxpayers are having to foot the bill for the GLA's poor governance and decision-making". You want to be working with Government. How does that kind of language feel to you in terms of having a constructive, positive relationship with another part of the Government or State? Does the GLA suffer from "poor governance and decision-making"?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): No, it does not. Politicians will make their comments and at an official level we just carry on talking to each other.

Krupesh Hirani AM (Deputy Chair): Thank you. I am glad that you are continuing with business, as you should.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): There are conversations that we have with Government officials at funding levels. Once they get it - and I know that they get it, having been in their roles before myself - there is only so much they can do. They cannot promise more than what they are allowed to do. All we can do is make sure that they are escalating the issues that we are raising through the right channels within the machinery of Government and that they are giving the right explanations as to what the causes of those gaps are. They have fulfilled their duties once they have done that.

As I said at the beginning of this meeting, the Government has a number of priorities that it needs to meet. In our world, what we talk about is very, very high priorities and we believe that. If you are on the other side of

the table, it has umpteen requests coming from all over the country and overseas on the same pot of money. What I do not buy is when it gets down to officials where they are being accused of not running the organisation properly. That is not political; that is slander, and it is not true.

TfL has not been mismanaged, this Mayor has done a good job with it and the current TfL administration has done a really good job with the savings it has done, keeping the show on the road. It is nothing to do with mismanagement. It was asked to run an organisation, a full service, through the pandemic when there were no journeys. If you kept shops open when there were no customers, would the Government have been asked to cover the costs? If they were told to keep it open, then I would expect people to go back to the Government with a bill. That is all this is. I am not seeing mismanagement, and, in my professional opinion, I have not seen mismanagement of it.

Krupesh Hirani AM (Deputy Chair): Thank you.

Neil Garratt AM (Chairman): I do not see any other indications on TfL. That being the case, we will take a short ten-minute comfort break before we return to look at policing.

[The Chairman adjourned the meeting at 11.46am and resumed the meeting at 11.55am.]

Neil Garratt AM (Chairman): Hello and welcome back to the second half of this morning's Budget and Performance Committee, looking at the GLA group budget. We have Assembly Member Russell, who is now going to be looking at policing budgets.

Caroline Russell AM: Thank you, Chair. Are police questions for you, Elliott? Great, thank you. It is the same question as was asked about TfL about outlining the circumstances behind the late publication of the Mayor's Office for Policing and Crime's [MOPAC] 2024/25 budget submission. At what stage were you informed the submission would be late and what has been the impact of the delay on the budget consolidation process?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Hello and thanks for the question and it is a similar answer. We have good relationships with functional bodies, including MOPAC, and so we had been talking to them and knew what stage it was at in developing its budget. The specific circumstances around MOPAC are different to TfL; everyone is different. It was that it has had some very senior turnover in its Finance function, notably its CFO. It had a new CFO arrive in, I think, early summertime [2023] and that had knock-on consequences for the budget process. By that point, ordinarily it would have been well in swing, but the new CFO arrived and needed to understand the context, design their own process that suited and so on. It just had a bit of a knock-on consequence that led to the whole thing going back a few weeks.

We were sighted on the stage that it was at throughout that so none of that was terribly surprising. We did not know exactly when its submission was going to be published. We knew that it might be late and eventually it was published on Tuesday of the following week. We did not know two weeks before it was going to be Tuesday of the following week, but we knew that it might be a bit late. We tried to keep the Secretariat in the loop as we got new information about when it might or might not be published, but we were not privy to that information in advance that it would be exactly on that date. As with TfL, it was able to share information with us on a confidential basis to allow us to continue our work before it was in the position to publish, to mitigate any risk that it hampered our ability to pull together the consultation budget. That was helpful and welcome and allowed us to do what we would otherwise have been doing anyway as far as was possible.

Caroline Russell AM: Thank you. What do you see as the most significant financial risk to the MOPAC/MPS 2024/25 budget plans?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority):

There are two ways of answering that. The most significant risk is one that has existed for several years, which is the systemic underfunding from the Government of the National and International Capital City Grant (NICC). Many years ago in 2015/16, that was estimated to be an amount by an independent review by Sir Richard Mottram, the funding that the MPS receives is in cash terms £159 million less than that review said. If you account for inflation, according to MOPAC's latest stats that is now equivalent to £240 million in today's cash terms so that is a significant gap in the money that it receives according to the activity that it is expected to undertake.

Caroline Russell AM: This was the NICC?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): The NICC. That is a central Government pot that is used to compensate primarily London, but some money also goes to [Greater] Manchester for activity that it undertakes, which is a consequence of being a major city. The Royal Family is situated in London, Parliament is and lots of protests and so on happen in London.

Caroline Russell AM: Yes, Coronations.

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Coronations, yes.

Caroline Russell AM: Funerals.

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): That is a structural risk that has existed in the MPS' budget for many years now.

In the specific risks attached to 2024/25, you will have seen in the figures that are published there is a budget gap in 2024/25 of £54 million. By "budget gap", the books balance. I cannot remember specifically what it is called, but there is a line in there that assumes additional savings which need to be achieved to make that balance in 2024/25. That is worth £54 million, based on the figures that MOPAC published last Tuesday [5 December 2023], that is a meaningful sum of money that needs to be found from somewhere to make the 2024/25 budget balance and that is a risk.

Caroline Russell AM: It is a risk. What are the options for filling that risk?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): You can fill two ways, by finding more income from somewhere or reducing your spending somewhere. The Mayor has more direct control over one of those than the other and that is the income, but that is constrained by what the Government allows the Mayor to do. As you talked about at length with Enver, there are constraints about what the Mayor can do on business rates and Council Tax that limit the amount of income that he can raise to help plug that £54 million gap. When the Police Provisional Funding Settlement is published - it could be any day now - that will give us more information about the income that is available to the Mayor to help him plug that gap. At this stage every year, the information we can provide you is frustratingly incomplete because those settlements have not yet been published.

The other way you can plug it is by finding new savings and that is challenging. The MPS has already delivered over £1 billion in savings since 2012/13, I think, and has quite a substantial savings target already built in to 2024/25. Finding £54 million additional savings on top of the over £100 million savings it has budgeted for so far will be challenging. That £54 million is the risk.

Caroline Russell AM: Yes, we have to hope that the income side is as healthy as possible. OK. Then MOPAC and the MPS have a history of under delivery of the Capital Programme. What do you see as the main challenges to delivery and what advice would you give MOPAC and the MPS to enable them to spend and monitor capital budgets more effectively?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): On the premise of your question, it is undeniable. MOPAC and the MPS' Capital Programme has a history of underspending against budget. It is important to remember with capital programmes that slippage is different to underspend, and capital is lumpy in a way that revenue spending is not. Capital programmes can slip because of one significant purchase being delayed or one significant project being postponed and turning it from one financial year to another. That context needs to be borne in mind when looking at the under delivery in the MOPAC and MPS Capital Programme.

That said, the stats do speak for themselves. If you look at the capital figures published in last Tuesday's [5 November 2023] document, their Capital Programme for future years plateaus at about £250 million a year assumed spend for 2025/26 onwards, I think. That is far more consistent with their history outturn than has been the case in the past. We know that they have done a very thorough job of developing their Capital Programme this year and it looks like that Programme has taken account of historic learnings about what they are able to get out of the door. Rather than setting an aspirational capital budget, it is setting a realistic capital budget in line with historical outturn so that is reassuring to see.

The final thing I would mention on capital is estates is an enormous part of the MPS' Capital Programme and the Estates Programme is currently still in development stage. I know it has been in development stage for a long time and we have been waiting for an Estates Strategy for a while. The arrival of the new Commissioner [of Police of the Metropolis] and his Transformation Programme have changed the needs for the MPS from an estates perspective and those cogs are still turning in the background. That is an important thing to remember when thinking about the MPS' Capital Programme and it is possibly something that you will talk about with it.

Caroline Russell AM: OK, thank you very much. Chairman?

Neil Garratt AM (Chairman): Thank you, Assembly Member Russell. Sticking with policing budgets, we have supplementary questions from Assembly Member Duvall and Assembly Member Desai.

Len Duvall AM: On the Capital Programme, is the issue not from the centre in budget making is getting the MPS to stick to a Capital Programme and stop the different priorities with every different Commissioner or almost, it sounds like, every year something is different? I do not understand some of the long-term issues of direction of travel around that Capital Programme and I wanted to make that on the back of that.

More importantly, too, from our perspective as we enter into this budget process, I get the bit about unfair spending. I am pro-police expenditure and I hope during this budget process that we focus on the outcomes of that police expenditure. One of the issues around trying to maximise our money is whether in terms of from the centre at this stage of the budget process we have made representations around NICC funding and all the rest of it. Have we begun to make the case - I think it was alluded to earlier - in writing to Government that we could do more with some flexibility of some of that money in providing policing outcomes? Crime fighters

are not just police officers; they are not. What is the role in terms of the GLA Group budget-making of reinforcing? Maybe you are going to tell me the MPS has been doing that and you have been following and supporting it here at the centre because it makes sense for the GLA Group budget. What representations are we making around that flexibility? I know it is relatively new and the [MPS] Commissioner has started that, but what have we done officially, officials to officials?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Can I clarify what you mean by “flexibility”? Do you mean the flexibility to raise money through Council Tax or the flexibility as to how the money is used?

Len Duvall AM: Flexibility to say, “Yes, police officers are important, but if we cannot recruit them and we have redeployed that money on to something else, we can give a still a greater policing outcome”, that sort of flexibility.

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Understood. Related to your question might be the money central Government has provided for the police officer uplift. The MPS was allocated an uplift number - I think it was 4,550-something officers - and is doing well to recruit against that target but did not manage to deliver it in the time that the Government had set. There was funding attached to that recruitment target. As it was not achieved at the time the Government would have liked, there was a reduction in the grant that was provided, corresponding to the shortfall of recruitment compared to that target. That reduced the income available to the MPS.

From one perspective, those officers were not in place, those costs were not incurred, to a certain extent it nets off and that is how it plays out in the finance tables. The costs are not there nor the income, but it would be beneficial to have that income rather than not have it. I know that the MPS is frequently in conversation with the Government about that, but those conversations are something you would need to ask the MPS or MOPAC about, not us. That is all I can give you on that, I am afraid.

Len Duvall AM: In this case, I know we leave it to the MPS and MOPAC, but there is an argument in the GLA Group in terms of funding; we are funding some money that is helping the preventative side of funding out the GLA Group. We have an executive Mayor, who is also the Police and Crime Commissioner. It gives us the power to add to the voice to officials that we need a different case, maybe a different policing model. I want more police officers, do not get me wrong. However, if that is not happening in that way then I want to see resources deployed in tackling crime. I do not want to see them being not used. In some way it hurts me when we have to give money back that we cannot use. Are we in a position to do that? The GLA Group budget, part of this process, as we go forward, is about us making the case for the use of that money in delivering the GLA / MPS objectives. I do not see them as different objectives. We all want to see reduced crime here in the capital. Discuss. Where are you on this?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): The Mayor did put that forward in his request for the Autumn Statement [22 November 2023], around having more flexibility and sustainable resources. We have in the GLA a direct relationship with about 12 different Government departments or agencies. When I joined, having been in the Cabinet Office, I said we are not doing this right, because, with all due respect to the relationships that exist, if your voice does not get heard in the circle where the real decisions are made, which is that inner core of [HM] Treasury then you get empathy and sympathy from the departments that you are talking to. Everyone thinks they have made the representation, but it does not make its way to the centre of the Treasury in a way that is more than one line on a spreadsheet.

That needs to keep improving. We need to build at an official level a direct link into the Treasury without being disrespectful to colleagues in the Home Office or DLUHC or the department formerly known as the Department for Business, Energy, and Industrial Strategy (BEIS). They then talk to their Treasury Spending Team, who then talk to the Core Treasury Spending Team, and we are lucky if it is a line of a spreadsheet. This does not get heard. The only person who has the microphone is the Mayor, because he has that media outlet where he can make these comments, but then they come across as political and when political is not aligned it does not get heard. At official level, it was quite late when we found out in the GLA that that money got sent back.

It sticks in the throat. We say, "Hold on a minute, we ask for this money and then we are giving it back. Why are we giving it back?" "Oh, we did not meet the criteria". "Well, did we not challenge that if we knew we could not recruit?" Yes, there are some things that internally, at the official level, we need to look at. How do we get that, so we find out about this? It is very rare that we have to give money back, but there is something more recently that I have discovered in another part of the forest, we are also giving back. It does stick in the throat. It comes with such tight criteria. That is not just to London, but across the nation. They are not going to do a special deal in London. They are saying: "Look, we give this money out with these criteria, you have to spend it". It is difficult, but we should have flexibility.

Len Duvall AM: I do think that, but we should be asking for that and making those representations at different levels. I realise in the grownup world we live in, you report to the Mayor and you will raise issues to the Mayor. I suppose my plea is to make sure we are battling on every front about the use of this money. I do not want to see it being used frivolously or even wasted in some ways of the old days. When I was in local government, you had to spend up to that budget or you would lose it and so some expenditure was not used wisely. I do think there are things that should, but equally in this budget process the fact that we have a Group budget, I recognise passionately about devolution, about the MPS and MOPAC, but there are some things in the Group budget where they need to be held to account and to play as a group does. There is some power in a number of voices on this, consistently asking or inquiring about that change, when it is for the benefit of all Londoners and London organisations. The GLA, MOPAC and the MPS should be united around this, and you should not be left short.

Chairman, if I could move on very quickly, my next one is this: again, I am into tough love of the policing. We have a real opportunity in terms of budget scrutiny here to get down to some key issues within policing. Their budget performance and value for money, I am saying as someone who cares about policing issues, but we have lost sight of this over the years. Unless you officials here at the centre start asking questions around some of that value for money aspect then we will continue on the same. This committee is more united about asking those questions, not in terms of undermining the police, not to cut the money in some ways, but to use it effectively in dealing with tackling crime. Some parts are being used effectively. What I do not understand is that that cannot be shown to me. That worries me, because that tells me there are sections that are probably not using it effectively or being held to account about the use of that money.

How best then can you use your roles here at the centre to put that into it? Hopefully the executive should be asking these questions, because it would be a question that I would be asking if I was in their position. What is the best way forward as we enter -- I know we are up against it and things are starting to -- we are 'dotting the i's and crossing the t's', but where can we get this value for money concept, budget performance to reassure Members that we are investing our money on the right outcomes, which is reducing crime, bring people to book for their actions when they are threatening our communities?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): We will give you a quick two-part answer because Elliot was in that space before, so he can give you a more detailed answer. There are two

parts to it. One was when the latest Police and Crime Plan came out, when I was on my outcomes mission, I worked very closely with MOPAC to make sure that the new pack was more outcomes focused. We had a really good relationship with Elliot, when he was on the other side of the fence, and with the performance team and that pack was designed. The police themselves, the MPS, they have to produce a performance pack that is consistent with other police authorities up and down the land, which is what the Home Office wants.

We could not dismiss that, nor could we say to them, "Do two lots". What we did was we said, "You carry on having all your normal statistics, like response times to 999 calls and all of that". That still exists, but we put a veneer over the top around outcomes and said, "What things feed into these outcomes?" For a year at least, the performance packs that they produced were on that basis. The conversations that we, David Bellamy and I, would have with MOPAC were based around that performance pack and talking about things like value for money. In addition to that, more recently, under the *New Met for London* [Plan], there has been a new governance and a Policing Board. There is also a Finance Committee that has been created. That Finance Committee will also receive a pack. They will be asking questions on what the police is doing with its resources; in some ways that has been delegated to that new independent board to challenge.

Although there has been scrutiny of the police, that is another level of scrutiny that perhaps has not existed before. The Finance Committee of that Police Board will be going into that level of granularity. We will have to clear what they are doing with their money. I am sure over time, it will start to make a difference to what is happening on the ground. They will have more time and energy to focus all their questioning, in addition to what David [Bellamy] and I do centrally. I do not know if Elliot wants to add any more detail.

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): No, I would have said exactly the same. There is a real opportunity with the London Policing Board to expose that kind of scrutiny.

Len Duvall AM: I look forward to that, because that is probably the first, I realised that that was going to happen. We must remember that it is an advisory board, in terms that unless the executive wants to change, it is going to be the executive that run it. My final question, Chairman, I have taken too much time, MOPAC. Again, I am a great supporter of MOPAC, but I do not understand post-[Baroness] Casey [of Blackstock] review [into the standards of behaviour and internal culture of the MPS, March 2023] why we never reviewed MOPAC in terms of the money spent, but also outcome and the direction we want MOPAC to be operating under the new regime or discussion post-Casey about policing services around that. Equally there are elements of MPS funding and there are elements of GLA funding now that are coalescing around that. Some of the budget changes that you are proposing around themes, I presume we get to understand that a little bit more about how money operates or will it? I am not sure.

We may still see the GLA money in its silos versus other MPS money in its silos. Will it ever come together that we can look at it in its total? I am not sure. Should we not be looking at all this money and saying is it still fit for purpose of what we want to do for the coming years, given the changes going on? Again, should we not be here at the centre, should you not be saying to the executive -- I accept they do not agree with what you always say or ask, but should you not be putting out to the executive saying, "You need to look at this. You need to look at this within this budget process, if you want to set direction of travel around some of these activities." You can argue for other activities, but I am focusing on policing at the moment, because it is about time we returned to it.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): We have come up with ten themes. There are two themes that are not in the round this round, because they belong in the functional bodies. One is safety and one is transport. By default, the nature of what those organisations do falls into

those themes. By default, they are going to be operating in those themes, but not in 2024/2025. During 2024/2025, assuming that what we do in the GLA works well and the approach that we have taken works well, we would like to expand that across the rest of the group. In doing so, if we apply the process that I have alluded to but have not gone into too much detail on the themes, where we start looking at outcomes, logic chains, theories of change, it would then take an organisation and it would look almost like zero-based budgeting, but it would look at all these inputs and outputs and to what end are the outcomes being achieved.

We are not at that point with MOPAC, so I do not want to speak out of turn. If this works well then, I am hoping we will be engaging with them. At the same time, yes there has been a change of commissioner. He has his agenda. There has been the Casey Review. There is a New Met for London. He wants to transform it. There is some within the budget and some outside the budget he wants money for. I am assuming he is also doing this stuff and he wants to prioritise his funds and his resources towards the things that matter. Not to get too political, but he has at least two masters. One is the Home Secretary, and one is the Mayor. Then you have the public, who are saying that they think. That is really an internal governance issue for them, but I am hoping this new Police Board and the subsequent sub-committees will challenge.

These are probably some questions to ask the Mayor himself on 9 January [2024]. I am assuming that he will have oversight of that and then we would need to look at how this committee scrutiny process has sight of what is going on in there as well. There is never enough money to give to the police to do everything we want. We all have our opinions when we look at what they are spending their time on, if it is the right sort of time. However, I am confident that the Commissioner [of the MPS] is looking at all of this in the round. He does not have enough money to go round, so he is trying to make it stretch to meet every demand that he has.

Len Duvall AM: Chairman, just finally to you really, it is for you to consider. There is an opportunity there that we look and maybe realigned some of our scrutiny activities to look and coincide with the future safety theme of where that comes in, that we may be able to influence it as it is coming together. Secondly, we really do need to think about how our relationship back with the Police and Crime Committee and the Budget Committee, because we can only deal with some strategic big items. We have done well over the years, but there are some detailed stuff on financing that we might need a new deal within the London Assembly about how we do some financial scrutiny. It is just to consider. I am not saying we have the option on it. If we are to help and support the services in a way that it just might be a time for us to think of what changes we make around scrutiny our end. Given that the MPS cannot decide whether they are coming to us or not coming to us, depending on which day of the week it is -- we know the senior officers do not want to come to this. This gives us an opportunity to think about that scrutiny at that level.

Neil Garratt AM (Chairman): I agree. I will come to Assembly Member Desai in a moment. I know you have been itching to come in for about the last 20 minutes.

Unmesh Desai AM: For quite some time, yes.

Neil Garratt AM (Chairman): Just a quick observation on this Police Uplift Programme, about what was foresight and what was hindsight. Firstly, we were the only police force in the country that did not meet the Police Uplift Programme. I want to be clear that it was only the MPS that failed to meet the Government 4,500 that was offered or whatever proportionately what others were offered. Two years ago, I was a shiny new Assembly Member, first few months in the job I sat on this Committee in December 2021. We were looking at some figures that told us that Government had offered 4,500 police officers. The Mayor thought he needed 6,000. There was an artificial black hole in the MPS budget created by that.

I challenged the practicality of being able to recruit that many officers; whether it was realistic, whether that was something that could or would happen. I did not think that it would happen. It is not entirely hindsight. That discussion then, the leader of the Labour Group intervened and suggested that I was doing down London and not trying to get as many police officers as we would like. I would like to suggest that perhaps if I had been listened to at the time, this discussion that apparently was not happening internally about whether we would recruit all those officers, it was not just hindsight, some of us got there two years ago, about the realism of the plan that was on the table to recruit 6,000 officers that the Mayor said he needed.

Assembly Member Desai, who has been waiting very patiently.

Unmesh Desai AM: Thank you, Chair. Firstly, the debate about the 'Police Advisory Board', that is what I would call it. I will leave it for another time and another place, because I could go on all afternoon. Secondly, can I comment on what you just said? The figure of 6,000 police officers was not plucked out of thin air by the Mayor. It was the Mayor and the ex-Police Commissioner, using professional experience and knowledge, who came to that figure. The Assembly itself passed a resolution that I proposed calling for 5,000; every single extra police officer helps. London has a unique situation. The MPS has had a battering in recent times -- police morale, but the cost of living crisis, particularly felt in London is a factor. We cannot just say the MPS has failed, and other forces have succeeded. There are unique factors to London.

Coming back to the theme of this meeting, and something that Assembly Member Duvall has already said, I am using his words "battling on all fronts" and what you said about the Mayor and his media outlets, very specifically what NICC, something that we have been banging our drum about, ever since I have been here, since 2016, and I am sure before that, the Assembly's past motions, getting support from all parties, and the Mayor has written to the Government numerous times. What is the latest thinking, if any, from the civil servants that you deal with at the Home Office about where we are with our campaign and with our representations? It is a scandal the way the MPS is underfunded when it comes to NICC, especially in recent weeks with the [protest] marches every weekend. It is an enormous strain on police resources.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I will let Elliott cover any specifics that he is aware of from his police days. It is recognised, nobody is denying it. The most recent costs of protests in the capital are evidence of that, that if the MPS had this money then they would be funded to cover these protests. We are the capital city of the UK. Let us be realistic about this. The Mayor, at every opportunity he gets to write to the Chancellor, the Home Secretary, the Prime Minister, always bring it up. One thing we should be doing though is updating it and saying what Elliott said earlier, it is not £159 million anymore. That was then. In today's terms we are probably talking about £240 million. In which case, the police gap has completely gone. We are not giving up on it. There are no signs of a new finance commission, but if there was such a thing, I am positive it would be back on the table again. It is never off the table, but when you talk to officials, even if officials were to informally agree that they think you are right, it is not their choice.

Unmesh Desai AM: I know. It is a political issue.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It is political, so we cannot ask them for any more than just to say, "Do you acknowledge it?" My understanding is they recognise it, but no one has ever in writing confirmed that they will give it. Elliott, is there anything more you are aware of?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): Yes, I would make a clarification in reference to my police days. I was not a police officer. I used to work at MOPAC, and I am on secondment to the GLA from MOPAC. An important thing to bear in mind when thinking about the NICC is that from the Home Office's perspective, their high priority is the police funding formula and

the Government's manifesto commitment to revise the police funding formula before the end of this Parliament. Obviously, that now looks extremely ambitious, but if the Home Office are thinking about police funding, the thing they first think about is revisions to the policing funding formula, not changing the NICC and topping up London's NICC. Notwithstanding what Enver said, which is true, official conversations do recognise this issue.

If the Home Office are working on police funding, they are working on the funding formula. Even that seems to have stalled, as far as we know. Right back at the start of 2023 there was a burst of activity, and we were led to believe at an officer level that there might be a consultation launched soon. We have not heard anything since then. The funding formula revision comes with downside risk for London's police funding, rather than upside risks. That is important to bear in mind, when we talk about how much progress we are making on the NICC, that is not what the Home Office are thinking about.

Unmesh Desai AM: Thank you, Chair.

Neil Garratt AM (Chairman): Assembly Member Hirani.

Krupesh Hirani AM (Deputy Chair): I want to get some clarification on the money that was sent back to Government based on not being able to recruit the 4,600 [police officers] fully. Is that money that is lost forever? At any point have there been conversations to say we could not do it within this timeframe for the reasons Assembly Member Desai mentioned in terms of London's particular challenges? Is there something in that conversation to say that we feel it is possible to do it within an alternative timeframe? Or was it computer says no after a certain cut-off date?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): The money has gone back. The money is no longer there. That is important to recognise. It is easier to keep money when you have it in your wallet. The conversations are not over. That is an important conversation to have with MOPAC when you sit with them. Enver and I are not involved in every exchange that happens between MOPAC, the MPS and the Home Office, but I know that those conversations are not over. While I am not able, not through any sort of coyness, to give you a firm answer, that is something you might pick up with MOPAC.

Krupesh Hirani AM (Deputy Chair): OK, we will take that up separately. Thank you.

Neil Garratt AM (Chairman): Thank you. I do not see any indications on police budgeting. That takes us on to our next section, which is the LFB with Assembly Member Clarke.

Anne Clarke AM: Thank you, Chair. Carrying on with a bit of a theme, as with most institutions, about 80 percent of LFB is spent on staff. Given that context, how realistic is it that the LFB can afford that three percent pay rise?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority): They have budgeted for it, in 2024/2025, and they have a balanced budget. That, from a finance perspective, is fine. There are risks attached. They have balanced their budget in 2024/2025. Included in balancing their budget in 2024/2025 is quite a substantial draw down on reserves. They are drawing down about £20 million on reserves, which is several million more than they have done in 2023/2024. Reserves have helped fund that three percent assumption for pay, just by the arithmetic of it. Reserves are finite and they run out over time. There are risks attached to funding on-going expenditure through reserve funding. There are budget gaps in

2025/2026 and 2026/2027, so nearly £6 million in 2025/2026 and rising to just over £16 million the year after that.

They have balanced their budget. That is the most important thing. They have done it using reserves and there are gaps in the following years and those gaps are more than the cost of the additional percentage point. To a certain extent, if that percentage point was not there, the gaps would be still there. The other thing to recognise is that the bigger pressure, bigger than the cost of the three percent pay rise, are the training costs that they have built into their budget. They are about £10 million a year for the next two years. They are also funded from reserves. However, those reserves will eventually run out, but the training does not stop. That is a risk as well. That is the context I would give to the LFB finance numbers. Your question about whether it is realistic to assume that that is affordable is a good one, but another question is, is it realistic to assume a two percent pay rise if we do not think that that is going to happen?

If you were to do that, not make an allowance for a higher than two percent pay rise, but in your heart, you knew it was probably going to be higher, all you have done is introduced an unbudgeted risk, in-year risk, that kicks the problem down the road. You would then find yourself scrabbling around to make that money available when the inevitable occurred. LFB were making a difficult trade off when they were deciding on their pay assumption. There is a logic for what they have done.

Anne Clarke AM: Thank you. It goes on, very much related to the previous conversation we were having about police and the cost of living, particularly in London. Yesterday I had an unprompted email to my council email address, so I do not think the person necessarily knew I had any association with the London Assembly, but they were saying that they are a firefighter, and their rent has gone up from £2,000 a month to £2,500 a month. These are big gaps that our firefighters, and all workers in London, are facing.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Could I just come in with one thing, to add on to what Elliott said? What I think he might have missed out on there is the Mayor does allocate all of the increase of the Council Tax that is not hypothecated to the police and the £20 [levy] to TfL, all of it goes to the LFB. When you talk about the three percent, we have given them the money for that. They get money from central Government as well. Where LFB choose to put their money elsewhere, they cannot then come back and say, "Well you did not give us the money for the pay". Well, we did. We have covered that two percent and the three percent. If they have chosen to spend it on other running costs, then they might have to rethink. I am not saying they do not have pressures, but we do look after them quite well. In fact, if I looked at the Group, we look after them the most, because all of the Council Tax increase, apart from the base, always goes to the LFB. Apart from the police, because we do not have a choice, we have to give it to them.

Government has a central responsibility in this too. Not to allude too much to what might happen in the future, the Mayor usually does try and find the money for the pay awards as well for when he thinks he has a greater responsibility for a particular area than when he thinks it is central Government's responsibility. I am not quite sure where he draws the line with the LFB, but we have topped them up. I do not want to say too much more, because we do not know where the pay settlements are going to go. However, LFB were in a better negotiating position on the pay awards for the current year than the other fire authorities. They had to move in synchronisation and keep their powder dry, but they had enough money to sort out the pay deal, but they had to wait for the other authorities, who did not have a generous Mayor to give them the same money, to be able to end that deal. We do not think two percent is realistic. We have put more than that into the GLA.

They have not covered that in their budget. In their budget submission, they have not gone above that. They have gone up to what they think they can afford. As Elliott said, yes, they have balanced, but balanced what? Are they going to settle on two percent? I do not think so. At some point in this round there is going to be an ask for more money and its recurring, because it does not go away. That is the other point that Elliott made, what LFB are doing is they are drawing down on their reserves for stuff and they need to make sure they are drawing down on reserves for one-offs not for recurring [expenditure]. Otherwise, they are creating a problem for later on. What is the assumption about who is going to pick up the tab later on?

Anne Clarke AM: That is helpful. We have seen certainly our Mayor topping up the budget for the LFB, which is desperately needed, especially given our built environment in London, which has some unique characteristics. Thank you for that. Thank you, Chairman.

Neil Garratt AM (Chairman): I had an indication from Assembly Member Rogers on the LFB.

Nick Rogers AM: Thank you. A quick question, when the LFB are assessing potential future spending, are you happy that they have effective financial controls in place, so a robust business case assessment, good cost benefit analysis, that sort of thing?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I can say with certainty now, yes. I cannot say with certainty in the past they had that. However, their current CFO has created an Investment Board and they do look at business cases. There is a lot of internal scrutiny now. Under the current Fire Commissioner, he has revamped his top team and there is a lot more of that happening. They still have some building to do in their finance function, because there are people that are retiring and there is some churn, but the processes are much more robust than they were a couple of years ago.

Nick Rogers AM: That is good to hear. When was the Investment Board created?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): About a year ago I was told about it. The current CFO started just over a year ago and one of the first things he did was create this quality assurance process and to ask for business cases.

Nick Rogers AM: That is reassuring. You say they have some building to do in their team, how would you characterise that? What are the gaps that they have?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): They have people who have been there for a long time, and they are retiring. They need to make sure that that knowledge is not lost. There is a culture change happening in the organisation. You need to modernise the finance function too. They need new systems, new processes, and people who can build that capability with them. It is not a criticism of the people they have now, but in terms of the new LFB that they want to be. They are on the same journey as the rest of the Group. There are improvements in the finance functions that are slowly evolving.

Nick Rogers AM: OK, thank you. Thank you, Chair.

Neil Garratt AM (Chairman): Thank you. I do not see any other indications on the LFB, so we will move on to our final topic, which is the Two Mayoral Development Corporations. Starting with Assembly Member Pigeon and the London Legacy Development Corporation (LLDC).

Caroline Pidgeon MBE AM: I take it this is with you, Elliott, is it?

Elliott Ball (Interim Assistant Director of Finance and Governance, Greater London Authority):

Enver might help.

Caroline Pidgeon MBE AM: OK. I want to focus on the £550 million loan to LLDC, what are the risks around recovery of that? I will link my other question to that. It is capped currently at £550 million this loan, but East Bank, we heard very clearly yesterday, is going over and over its budget; £95 million over the last two years, though not quite all of that, £9 million off that is for the GLA to be worrying about. They may have to increase their borrowings. What are the options there? How concerned are you about this?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): To clarify, the £550 million is not a borrowing amount, it is a borrowing limit. It is how much they are allowed as an organisation.

Caroline Pidgeon MBE AM: It is a cap.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It is a cap. The LLDC gets its money from grants from us, there might be some central Government money, there are contributions from the other parties that are involved on the site, and then once they start building and selling things there are capital receipts that pay for it. I am more concerned now than I was a year ago. You were told very clearly yesterday, from all of the different organisations that were there, what the risks are in the sector. I do not need to repeat all of that. It is scary what is going on. I do not have a crystal ball. At the moment, the way I look at it is that when we are topping up with grants, we are helping to cash roll it and at some point, they will sell those assets and they will pay us back.

The reason why they had the shortfall this year is there was a, it is a commercially sensitive issue, particular asset that was going to be sold for a certain amount of money that would have plugged that gap this year, and the purchaser took advantage of the current market and made the substantially lower bid. LLDC could have taken that bid and we could have given them less grant or they could hold on to the asset and wait until the market picks up again and sell it and get the right money. By giving them the grant this year, it gives them the opportunity to basically hold out a bit longer until they get a better offer.

Caroline Pidgeon MBE AM: I get their finances. It is longer term, and they are going to have the estate charge coming in as more is built. As you say, it is all about cash flow really. Given East Bank is so over budget and, as we heard yesterday, the contracts that have been set up mean the risks completely fall to LLDC. What will happen if they need more?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): We have to find it.

Caroline Pidgeon MBE AM: Do you have reserves in order to be able to do that?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): As the CFO, I have had to underwrite their risk, which is not comfortable, as we do with most of our subsidiaries. I might not call them a subsidiary, but we do fund them. We have to help them get these projects completed. As long as they are doing everything they can. You heard what Lynn [Garner, Chief Executive, LLDC] and Gerry [Murphy, Executive Director of Financial, Commercial and Corporate Services, LLDC] said yesterday [12 December 2023], they are. They are negotiation on it. There are quite unique circumstances around that East Bank development, because each one of those buildings is different. They have museums, galleries, university halls, BBC studios -- theatres. They are not typical blocks of flats that you can say, "You should have known that". They have acoustics in buildings -- I have gone to the site a couple of times just to understand it. I get it. I

have been critical internally about, “Why did you not know these costs were going to happen?” They faced lots and lots of challenges. Unfortunately, every single one of them has gone south. There has not been one thing that has gone in their favour.

Caroline Pidgeon MBE AM: You are underwriting it all, but are you also going to do some learning for the Group in terms of some of the contracts that were set up in future? Somebody must have signed this off at some point and said, yes, this was going to be a good deal. When it opens, everyone will forget and everyone will think it is fantastic, like they do with everything. That is fine. However, at the moment, we have to learn from this, because this is a huge risk which the GLA ultimately has taken.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes. Not to undermine how wonderful what they are doing is, but there are some contracts that were signed many, many years ago that LLDC are dealing with that raise eyebrows. When I joined, I thought they were joking when I found out about some of the contracts that LLDC have --

Caroline Pidgeon MBE AM: What year was East Bank signed off, do you recall?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I do not know.

Caroline Pidgeon MBE AM: Are you able to let us know? It would be interesting to work out when it was signed. I know there was a real pressure to put stuff out there. We had Smithsonian interested at one point and then that all filtered away. It would be interesting to understand when it was signed and the pressure.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes. What I have is a model of what they were assuming was going to be the surplus back in 2016 and how that has changed over the years when factors have changed. Of course, affordable housing has increased and that changes the revenues that you can expect from receipts. It has gradually been depleted, but costs have gone up. Costs have significantly gone up. The price of steel has gone up. Labour costs have gone up. That is not unique to LLDC. They have had specific things, like they said yesterday [12 December 2023], but the cost of construction is really going up. I mentioned it in one of the other panels I was in front of that construction inflation is now outstripping energy and all the rest of it.

Caroline Pidgeon MBE AM: They said yesterday it had plateaued, but yes. Thank you, I will leave it there. Thank you, Chair.

Neil Garratt AM (Chairman): Assembly Member Desai, in a second. On this point about the contracts, are we talking about a situation, obviously this is the Olympic site, where there is a lot of exuberance and optimism. Perhaps some of these panels and decision-making processes need an ‘Eyeore-ish’ grumpy pessimist in there saying, “What if --?” Just to inject some realism, perhaps you might say negativity. Was it a lack of that? Is that why we have ended up with this situation?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): If you look at what surpluses were calculated back in that 2016 model, which would have been produced before 2016, the economy was in a different place and the amount of surplus that was assumed, even if we were a bit ‘Eyeore-ish’ about it, you would have said, “Look at the margins”. It was still like that three years ago when I joined. I was thinking, OK, the surplus was not what it was. I understood where it had got to, but there was still a plentiful margin. However, without repeating what they said yesterday about what they have been through, it has just all gone wrong. I asked the question: have people been adding stuff on? They have not. It is what it was. Some of

the design issues, that Gerry explained, were not perhaps calculated as well as maybe one -- not because they did anything wrong, but why were these things not known.

The lessons are going to be learned in that when we do Old Oak and Park Royal Development Corporation (OPDC). I am not expecting there to be the equivalent of the East Bank, but I am hoping that some of that knowledge transfer will happen from LLDC to OPDC, so that we learn from that.

Neil Garratt AM (Chairman): OK. I do not want to take up too much more time on that.
Assembly Member Desai.

Unmesh Desai AM: £11.2 million of the Revenue Grant is for the London Stadium. Now, if we had a sponsor for the stadium that would go some way towards helping remedy the situation. Do you know where we are with naming rights? We have been asking this question since 2016. Last time LLDC were here the finance person said they were looking for around £2 million. There were people who thought that that was a good price for them. I know people have made enquiries. There has been some press speculation. Do you have any idea where we are with naming rights?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I do know where we are, but I cannot tell you here. They are in the middle of negotiations, but they are talking to West Ham [United Football Club] and West Ham need to be involved in that, so there is a three-way negotiation going on at the moment. I cannot say anything more than that.

Unmesh Desai AM: That did intrigue me, because I did read about that. As Assembly Member Boff once said, it has to be established who owns the stadium. Part of the issue is that the ex-Mayor with West Ham, signing the deal of the century, the £2 million that West Ham pay. Why West Ham? Surely it is between LLDC and the potential sponsor?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): It is a little bit more complicated. It has moved on. LLDC have moved things forward. They have done what they said they were going to do, but they still have to make sure that all parties that are involved have a say and they reach a negotiation. I cannot say anything more.

Unmesh Desai AM: OK, that is fine. I wish West Ham well.

Neil Garratt AM (Chairman): We will watch this space. It sounds very exciting. I do not see any other indications, so that takes us to Assembly Member Rogers for the OPDC.

Nick Rogers AM: Thank you, Chair. Enver, could you walk us through the GLA's process for setting the level of funding for OPDC?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): OPDC for the last eight years has been a small outfit with a very small budget, and it has rolled over from one year to the next, until we got to the current year. When we were setting the current year the then management team came to myself and the Mayor's Office with a target operating model. That target operating model included an uplift of additional staff to take the organisation that was then into the next phase of delivery. They asked for some additional funding to cover the cost of that staff. We did not increase the business rates, other than more than the usual allocation in the budget guidance, but we allowed the draw down from the Mayoral Development Corporation (MDC) Reserve to top that up on the basis that when they started to acquire assets they would capitalise as

much of the costs of those additional delivery people within the realms of what is allowable in the accounting standards and pay the MDC back for some of that draw down.

That is a two-year deal. That is what they asked for. That is what we put on the table. We said, "Let us see how you get on with that. Develop the business case, push it through Government, and as your organisation starts to take off into the next stage we will talk again". It has to be done in the round. We are not in the business of approving empire building and to give them more money than we think would be justified. That dealt with the resourcing aspect of it. They then obviously in parallel to that need to acquire some land. We gave them some land from the Mayor's Land Fund. At the same time there was some money available from DLUHC and they bid for that, and they got another £54 million for that. They have £104 million, as they told you yesterday [12 December 2023], which is available to acquire some of the land to do the land assembly. Then the people they have, which this year gives them £11.7 million to make that happen.

They also applied for some money for the District Heat Network and we gave them some money from the £90 million climate budget money to help them to develop their business case, which then attracted another £35 million of Department for Energy Security and Net Zero (DESNZ) money. They are moving from being a tiny outfit to being a slightly bigger outfit. We are working with them. They are recruiting a new CFO. He is the guy that came yesterday [Gurdip Juty, Chief Finance Officer, OPDC]. They have advertised the job permanently, so they are doing that. David [Lunts, Chief Executive Officer, OPDC] is growing their executive team. They work with us. We talk with them on a monthly basis. The budget process is very straightforward from the team's perspective. We look at it on a business case basis for the additional bits around how they use the money.

Most of what they are planning on doing is public sector land, which should be transferred to them from Network Rail, Department for Transport, and other public sector organisations, which is different from the model they tried to do a few years back, which was trying to acquire the Cargiant land. There are some lessons learned there from the past. Good team, good business cases and a much more professional way of approaching what they are asking for substantiated.

Nick Rogers AM: OK, thank you. You have mentioned the land assembly work they are doing and the heat network they are trying to develop. That is £141 million capital programme over two years from where they had nothing before. You are happy that that is realistic?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes. Let us park the District Heat Network for just a second. The land assembly is realistic on the assumption that they negotiate the deal, they buy the land, and it happens, subject to the legals talking. Then David assures us that that money will be out of the door. They know what they want to buy. Being careful about not revealing individual price values, they know what they are trying to buy through Compulsory Purchase Orders. That is OK. The District Heat Network, I do not think they can build that in two years. I do not think he said that yesterday either. What they are saying is that will go through subject to planning permission and design, etc. They have that money secured on the basis that they deliver what they said they are going to do.

Nick Rogers AM: OK, excellent. That is all from me, thank you, Chair.

Neil Garratt AM (Chairman): OK. Assembly Member Russell.

Caroline Russell AM: Yes. I wanted to pick up on the District Heat Network. That is incredibly risky. We have seen the LLDC residents saddled with exorbitant costs for their controlled heat and power district heat network. I wondered what kind of governance is in place to ensure that the District Heat Network is resilient

to changes in energy markets. We talked last year when we were talking to LLDC, they have their data centres where they could be getting heat from. They could be doing ground-source heat, if they are doing complete new build of big areas of land. Yes, my question is: what are the governance processes that you have in place to make sure that the District Heat Network delivers good outcomes? It is not just about building a heat network, it is about making sure that the heat they provide is affordable into the future for those people living in those homes or in those business buildings.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): A really good question, but I am probably not the best person to answer it. I helped them to get the money to develop the business case and get the money from DESNZ. I am assuming that there is a governance regime in place with DESNZ on that in order to show how they are using the money and what it is achieving, but also that their internal governance arrangements in OPDC will also be monitoring what they are doing with that project. Then from a GLA oversight point of view, I am assuming that the Good Growth Team under Phil Graham's [Executive Director] direction is also putting certain governance arrangements into place from an environment perspective.

I have not thought beyond that, because I have wanted to see that it is going to take off. We have time to put things into place. I do not compare it completely to the LLDC one, because when they first came to ask for the money for that one, people using the LLDC one, "Is this really what we want to do?" At the time, the folks who were developing their business case made the argument that it was a much more modern way of approaching a district heat network and not to be discouraged by the label on the box, but to say this is a very twenty-first century way of approaching this.

Caroline Pidgeon MBE AM: It is about resilience for the future, is it not?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): Yes, certainly.

Caroline Pidgeon MBE AM: Circumstances change. When that combined heat and power network was put in in LLDC, it was shiny new technology. Everyone thought it was resilient for the future and then all the circumstances changed, the energy prices went massively up, and they were reliant on gas. That left them with a project that -- everyone on the LLDC site is signed up to get their heat from it and it is horribly expensive. How long will the data centres continue to produce the heat?

Enver Enver (Interim Chief Finance Officer, Greater London Authority): That is a good point.

Caroline Pidgeon MBE AM: Do they need to build in future resilience, so they have another source of heat as well, e.g. ground source or something else? Making sure that it is future proof is important, particularly when we are living in such volatile economic times.

Enver Enver (Interim Chief Finance Officer, Greater London Authority): I totally agree with you. It might be probably better to come from the Environment Committee than this one.

Caroline Pidgeon MBE AM: Can we make sure we follow that up as we go through the process?

Neil Garratt AM (Chairman): We definitely can. I have to say, I am very pleased you have brought it up. We have had issues in Sutton with the District Heat Network, not just cost but reliability is another issue. You are stuck with this thing and if it does not work you have no heating or hot water.

Caroline Pidgeon MBE AM: For a lot of people.

Neil Garratt AM (Chairman): Yes, there are 700 properties on that development in Sutton. My background is in technology. I am very used to technology and to people coming along and telling me they have the latest, greatest, wonderful, shiny thing that turns out to be quite like the similar previous thing that did not work very well. I am very happy to follow upon that.

I do not see any other indications, so thank you very much to our guests this morning. Thank you, Enver. Thank you, Elliott. That concludes our main business. I have a couple of bits of housekeeping, but you are free to leave and continue with your day. Thank you very much.