

**London Assembly (Mayor's Question Time) – 25 January 2012**

**Draft Consolidated Budget 2012-13 – Transcript of Statement by the Chairman of the Budget and Performance Committee**

**Jennette Arnold (Chair):** Thank you very much. Can I now call upon Assembly Member John Biggs, the Chair of the Assembly's Budget and Performance Committee?

**John Biggs (AM):** My job at this stage, as Chair of the Budget and Performance Committee, is to present, from the Committee collectively, a number of observations on the Mayor's budget.

Can I start by thanking my colleagues on the Budget and Performance Committee, because we work across the political groups and we achieve reports predominantly on consensus. I think it is true also, in the light of the GLA, that the Budget and Performance Committee behind the scenes works very successfully in helping to improve the budget proposals of the Mayor and the functional bodies and the rough and tumble we have later today should not really be allowed to pass without mention. There has been a lot that has been achieved with common agreement across the party groups.

The problem we have had this year with the budget making, Chair, is that the information has not been complete. Last year we had a problem with the comprehensive spending review and the lack of information. This year we still have negotiations going on between the Mayor and Government about funding for core GLA and policing which delayed the consultation budget so the one we have in front of us today is not the complete budget. We are led to believe, through soundbites and other sources, that there is going to be an additional settlement on policing but we do not know what that is yet so we have to comment on the budget as it is and the budget as it is tells us that there is still an £85.5 million gap on savings to be identified in the police budget. It is the biggest budget there has been since the creation of the GLA, notwithstanding the Mayor's assurances that there will be something coming later but we do not know what that is yet. It does raise serious questions about the sustainability of police numbers in London but we will come to that in debate I am sure.

We note also the core GLA budget proposals raise questions about spending on revenue programmes and that is an important matter, particularly given the demise of the LDA and the need to meet the needs for skills training and regeneration work in London with very limited resources. The Mayor has told us he can meet these priorities but the budget at present is one that makes it very difficult for that to be achieved in the collective opinion of the Committee.

The Mayor, for example, also has said that he intends to continue funding the key environment programmes inherited from the LDA but the plans presented to us do not include future funding for the RE:NEW programme and the RE:FIT programme which is

another of these strategic interventions expiring after the year 2013/14. We would like to see more from the Mayor about his thinking in the future as to how he will achieve those environmental objectives which we all agree need to be pursued for Londoners' future.

We also find, as I have mentioned previously, that following the demise of the LDA, spending on skills and employment, youth, business support and environment programmes is falling from £21 million last year to £7 million this coming year and to £2 million the year after that. Given the demands in London's economy for skills and training and support for people who are not yet successfully in employment that is a worrying trend again.

We have also spoken with the Mayor - and this is a bit of a list but it is quite important that it forms part of the record - about the need to use borrowing powers and capital revenue spots and swaps and business rate retention proposals to release additional revenue but we have not yet heard about those proposals. Again, we recognise that is work in progress but, at present, it leaves a large hole in the GLA potential to intervene to help support London's communities.

We made three particular recommendations on the Mayor's draft report in front of us today. The first was about the uncertainty around spending on core GLA revenue programmes. We recommended that the budget includes a breakdown of expected spending at a programme level over the next three years. It needs to be explicit about the use of further borrowing, capital revenue swap and retained business rates.

Our second recommendation was about shared services, which I think we were quite exercised as a Committee about because big promises have been made by the Mayor's office about the potential of this and they do not seem to have been fulfilled. We have been keeping a close eye on the shared services programme. We think there is a continuing potential for efficiencies but we have now concluded that the current targets are unrealistic and should be replaced by ones which are more achievable. They have also become rather meaningless because the definition has blurred and changed so one person's definition of a shared service seems to be different from another's around the GLA family, and that is a concern. We all agree value for money is important but we need to be clear about what our definitions are in order to demonstrate to people who are achieving savings.

We made a third recommendation which is about what we call the Mayor's Office for Policing and Crime (MOPC). As everyone will know the Government has abolished the MPA, has created this new thing but we were expecting - and I think everyone was expecting - there to be savings in that budget compared to the budget inherited from the MPA, and the budget to date shows that the core costs are no less than they were last year. This is in a climate in which every other body is meant to be achieving fine savings. It has lesser overheads in some regards; it does not run a committee system. We had expected efficiency savings. They have not happened. We are still waiting to

hear from the Mayor how he might achieve those savings. Maybe that will be addressed in debate later on.

Finally, we did express concerns about policing. Let us be very clear; we welcome - I am sure across the whole Assembly - additional Government funding which will help policing costs in London, but we have expressed in our budget response our concerns about the future funding for policing post the Olympic Games and risks to the Metropolitan Police Service's workforce mix - because it is not just about police officers, it is also about support staff, white collar officers and technical expertise which help the police to do their jobs. As I said earlier, there remain budget gaps of £145 million and £226 million in years two and three of the budget - so the year after this one, even if we get help with this year's budget. It is universally recognised there will need to be changes in the way the force operates in response to that and, again, we need, as an Authority, to understand how those challenges are going to be met and we need to do it sooner, rather than later so that we can respond effectively.

The Metropolitan Police Service has said there is a growing risk of police officers being used to fill back office roles and that is a concern for all of us I think. We welcome, across the Committee, the Mayor's desire to maintain police officer numbers but we stress that this should not be at the expense of overall policing capacity. There is this idea that policing is not just about people on streets; it is about the capacity of the police to intervene. I think everyone can understand that.

To conclude, I hope that the Budget and Performance Committee work has provided a useful starting point for our debate today. It does highlight a number of concerns. A lot of good work happening as well. There is still work to be done so the Assembly has an incomplete picture in front of us today. We have identified areas where we are still waiting for a response which, we would hope, will come between this and the final budget in a few weeks' time. Thank you, Chair.