

Pre-Budget Report 2013

December 2013



Budget and Performance Committee Members

John Biggs (Chair)	Labour
Stephen Knight (Deputy Chair)	Liberal Democrat
Joanne McCartney	Labour
Valerie Shawcross CBE	Labour
Gareth Bacon	Conservative
Richard Tracey	Conservative
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Role of the Budget and Performance Committee

The Budget and Performance Committee scrutinises the Mayor's annual budget proposals and holds the Mayor and his staff to account for financial decisions and performance at the GLA.

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Chairman's Foreword

These are tough times for many in London. The rising cost of everyday essentials – housing, food, transport, utilities – continues to outstrip any increase in wages for the vast majority. We are all concerned about the impact this is having on the lives of millions in the capital. In particular, London's housing shortage is pushing up prices so quickly that it risks making it unaffordable for more and more people to live here. This is bad for London. And we know that the Mayor cannot solve all of London's problems. But, through his budget, he can make a difference. So we welcome his decision not to increase TfL's fares above inflation in January. And we note the progress towards building 55,000 affordable homes in four years. These measures will help, but it is the Assembly's job to keep pushing the Mayor to do more.

So, while the GLA is confident about reaching the Mayor's affordable house building target by March 2015, we have concerns about the types of houses now being built. Small homes are cheaper and quicker to build, and there are some signs that more of these are being built at the expense of family-sized homes. We are concerned that, in order to meet his target, the Mayor is not doing enough to address the housing needs of London's families.

Although fares will go up in line with inflation in January, the Mayor has made it clear that this is a one-off measure. And, despite his public statements supporting greater transparency – which we warmly welcome – the Mayor still refuses to publish the information that underpins his annual fares decision. This makes it impossible for Londoners to make their own judgments on the Mayor's most high profile policy decision. However, TfL has agreed to provide us with costings for a number of targeted ticketing options, and we look forward to debating the merits of these on a more informed basis next year.

Crime is falling in London and the Metropolitan Police Service is making its budget savings. On first inspection that should be a cause for celebration. But our research shows that the Met has made its budget savings largely by operating with fewer officers than planned. And crime is falling more slowly in London than it is elsewhere in England and Wales. We also know that victims of crime are less happy with the service they receive in London. The Met's plan to make further savings by replacing experienced officers with new recruits risks affecting the services Londoners receive from their police. But we are pleased that, following

our investigation this year, MOPAC is doubling its investment in the Met's technology for the next two years. As our report, *Smart Policing*, concluded, making better use of technology can help the Met become more effective and help cut costs at the same time.

Making the different parts of the GLA Group work more effectively together continues to be a real challenge for the Mayor. Major reforms in different parts of the Group – mainly driven by the need to make savings – are happening independently of each other, and opportunities are being missed to make these changes in a more coherent and strategic manner. For example, the Met and the London Fire Brigade are both changing the size and structure of their estates, selling off dozens of police and fire stations. Yet we have seen no evidence that the two emergency services have worked together on this, or thought seriously about sharing premises to cut costs. It is the Mayor's role to bring these organisations together but he is clearly struggling to do so.

As in previous years, the Mayor's budget is subject to a great deal of uncertainty. The Local Government Finance Settlement will be announced later this month, meaning the first draft of the budget will not be available until close to Christmas. And the funding available to the Mayor through the new retained business rates system will not be known until early February. Because of the lack of robust estimates around business rates income we expect the budget to change shortly before the Assembly is asked to approve it. It is worth restating that the recommendations of the London Finance Commission would, if implemented, give the Mayor much greater certainty and control over the income streams that fund the GLA Group's work.

So this will be another challenging budget for the Mayor. Government funding continues to fall but London's population continues to grow, and it is vital that every penny of the budget is spent wisely. We recognise the challenge that the Mayor faces in allocating the available funding to the wide range of activities for which the GLA Group is responsible. But, as ever, there is plenty of room for improvement. We hope that this report is helpful to Members as they prepare to scrutinise the Mayor's budget. And we hope that the Mayor, and others in the GLA Group, respond to this report in the constructive spirit in which it has been written.



John Biggs AM, Chairman of the Budget and Performance Committee

1. Housing and land

Key issues

The GLA is confident that it will be able to complete construction of the remaining 29,000 affordable homes needed by March 2015 to meet the Mayor's manifesto commitment. We still have concerns over whether this target will be met and if the hard deadline in the Affordable Homes Programme (AHP) is now acting as a disincentive to housing providers.

The Mayor must put the GLA's portfolio of surplus land and property assets to productive use – particularly to provide sites for affordable housing. The Mayor is intent on selling off the GLA's assets as quickly as possible but it may be in the GLA's interests to retain some assets and generate income from leasing them, rather than to dispose of them all.

Affordable housing

- 1.1. According to the Mayor, the shortage of housing that Londoners can afford is "perhaps the gravest crisis the city faces".¹ In 2012 he promised to build 55,000 new affordable homes in London during the four years to March 2015. However, despite reassurances from the GLA, we remain concerned that this target may not be reached. During the 31 months to October 2013 some 26,000 homes had been built, leaving 29,000 to be completed in the remaining 17 months.² Around 60 per cent of affordable homes built will be for rent (charged at up to 80 per cent of the market rate), and 40 per cent will be for home ownership.³
- 1.2. The GLA has told the Assembly on many occasions that it takes, on average, 18 months to build an affordable home from start to finish. On that basis, construction needed to have started on all the remaining 9,500 homes by September 2013 for them to be ready by the March 2015 completion deadline. But at the start of November the Housing Committee heard that construction on 5,000 homes had still not started.⁴ And, unlike in 2012-13, the GLA is not paying 75 per cent of funding up front in 2013-14 as an incentive to encourage housing providers to start building.⁵
- 1.3. The GLA now argues that some affordable homes can in fact be built in 12 months, rather than 18.⁶ It says that most of the remaining 5,000 homes not yet started are part of small schemes that can be completed more quickly than those in major schemes. This would mean the GLA needs to

start those 5,000 homes in the next four months to March 2014. It is aware of the scale of the challenge, and currently gives the Mayor's target an amber risk rating, recognising that there is little room for slippage.⁷

- 1.4. The March 2015 deadline in the Affordable Homes Programme (AHP) may now be acting as a deterrent for developers to start new affordable housing projects.⁸ This is because failing to meet this deadline would make the project ineligible for payment from the GLA under this programme. The GLA told the Housing Committee that projects which are due to miss this deadline will have their funding withdrawn and reallocated to other projects that could be completed on time.⁹ The Mayor could try and reduce the disincentive that this hard deadline presents to housing providers, for example by tapering the funding for homes built after the deadline rather than cutting it completely.
- 1.5. The GLA does have another option. It is able to transfer unspent funding from the AHP to its other housing programmes. The Mayor has already allowed it to transfer money from the AHP to the Mayor's Housing Covenant (MHC) – some £42 million in April 2013¹⁰ and another £20 million in November 2013.¹¹ But this money is largely being used to build smaller affordable homes, and for ownership rather than rent. And in pursuing the target of 55,000 affordable homes by March 2015 the Mayor may be encouraging different types of affordable homes to be built. The AHP has funded almost three times as many homes for rent than it has funded homes for ownership, while the MHC has mainly funded homes for ownership.¹² And the proportion of family-sized homes built through the AHP is three times higher than through the MHC.¹³

The GLA's land and property portfolio

- 1.6. The GLA owns a diverse portfolio of 181 land and property assets across London, covering more than 650 hectares.¹⁴ A small number of these are in active use (e.g. the National Sports Centre at Crystal Palace), and some others are held as investments (e.g. the ExCeL Centre). Most of the GLA's assets, however, are either currently being disposed of, or are marked as for future sale. The Mayor has stated that exit strategies will be in place for all of these assets by April 2016, to coincide with the end of his term of office.

GLA land and property portfolio at 1 November 2013

Category	Number of sites	Hectares
Subject to disposal process	81	354
Saleable asset	41	68
Limited marketability [1]	40	170
Investment	12	49
Operational asset	7	26
Total	181	667

Source: GLA land and property database

[1] Almost 100 hectares is water in the Royal Docks

- 1.7. We agree with the Mayor that the GLA needs to make best use of the assets it currently owns, and we support the urgency behind the Mayor's thinking. But we are concerned that the publicly-stated deadline of April 2016 may be a disadvantage to the GLA in its negotiations with potential purchasers, who may be able to use this information to drive sale prices down. We would not criticise the Mayor if he chose to abandon this deadline, and instead focused more clearly on making the best decisions in London's long term interests.
- 1.8. It is vital that the disposals strategy is well thought through and the decision-making process is robust. And, particularly at a time of rapidly rising land and property prices in London, the GLA needs to ensure that where a commercial sale is planned those sales realise the best value. In November we heard that the GLA's sales have been generating receipts substantially in excess of annual independent valuations.¹⁵ This could indicate that the GLA is indeed securing excellent value in its disposals – or that prices are rising so quickly that its assets are undervalued. One option, currently being used by the Mayor's Office for Policing and Crime (MOPAC) in its programme of disposals, would be to include a claw back clause to ensure that the GLA benefitted from any increase in value should an asset be sold on at a profit in the following five years.¹⁶ Inserting such clauses may reduce the sale price of these assets so the GLA will need to ensure that it gets the right deals overall.

- 1.9. It is obvious that the GLA can only sell its assets once. Therefore it should also be actively considering leasing out its assets to generate on-going income streams that can support the GLA's activities for years to come. This would leave the GLA with the option to sell those assets at a later date if desirable. It also reduces the up-front costs of development for housing providers who do not need to purchase the land; this could allow previously unviable sites to be developed for housing. The GLA is considering this for a small number of its sites, and we would encourage it to look carefully at this option in all cases before it sells any more assets.
- 1.10. When the GLA sells or leases its surplus assets, these sites should be used to meet the Mayor's policy objectives – particularly to increase the supply of affordable housing in London. The GLA's draft Property Asset Strategy states that "in disposing of assets, the GLA will use its land and property to aid the delivery of key objectives around housing, jobs and economic regeneration".¹⁷ Sir Edward Lister, Deputy Mayor for Planning and Chief of Staff, told us that the Mayor wants all surplus GLA land "in the marketplace with houses being built on it", and that it may be appropriate for the GLA to acquire more sites in future which it could then improve to make more marketable.¹⁸ This could provide a pipeline of sites to increase the supply of suitable land in areas where the market is not already doing so.
- 1.11. The GLA may also become a disposal agent for central government's surplus land in London. In the new draft Housing Strategy, the Mayor sets out his ambition that the GLA will "act as a conduit for all public sector land in London, and will encourage public land holders to use the structures the GLA has in place, such as the London Development Panel and its public land register, to bring forward landholdings".¹⁹ The GLA is currently discussing this proposal with government. This could be a hugely significant step for the GLA and its efforts to increase the supply of affordable housing, and is one that we fully support. The GLA's case would be strengthened if it was able to demonstrate to government that it had a successful track record in getting the most from its own disposal programmes.
- 1.12. The wider GLA Group owns a large number of land and property assets, including fire and police stations, bus depots and underground stations, offices and workshops. A number of these assets are now available for sale. MOPAC and the London Fire and Emergency Planning Authority (LFEPA) are currently reshaping their estates, involving the disposal of over 60 police stations and safer neighbourhood bases, and 10 fire

stations.²⁰ These plans have been debated at length by the Assembly and others over the last year. At our meeting in March 2014 we will examine how the GLA is ensuring that the Group's property disposal process achieves value for money and is being carried out in line with wider Mayoral priorities – particularly regarding the pressing need to increase housing supply and provide more affordable housing.

Recommendation 1

The Mayor should consider options to reduce the disincentive that the March 2015 deadline in the Affordable Homes Programme now presents to developers. For example, the level of funding could be tapered down to zero in the months after the March 2015 deadline. Alternatively, the completion deadline itself could be pushed back by a few months for homes started by March 2014.

Recommendation 2

When considering how to dispose of surplus land and property the GLA should carefully examine whether leasing, rather than selling, assets would be more beneficial. And when the GLA sells its assets it should take steps to ensure that it shares in any profits arising from short term increases in land and property prices.

2. Transport

Key issues

Before the Mayor's recent fares decision, Londoners had endured above-inflation fare increases in nine of the last ten years. In recent years, as housing costs have risen and wages have remained flat for the vast majority, this has helped to make London an increasingly expensive place to live and work. We therefore welcome the Mayor's decision not to increase average fares above inflation in 2014.

Nonetheless, we maintain that the Mayor should be up-front in explaining his annual fares decision, and be able to set out – in detail – exactly which capital projects or services would suffer with lower fare increases. Londoners should be able to form their own opinions on whether fare increases are really justified.

Transport for London's (TfL) latest Business Plan includes much higher forecasts for its commercial income over the next ten years. We agree that TfL can make much better use of its land and property assets to generate income, but are concerned that failing to reach these forecasts might lead to even higher fare increases.

Modern ticketing technology makes it much easier to work towards specific policy objectives through targeted ticketing options. The direct costs of introducing new schemes – such as part-time travelcards and "early bird" fares – should be considered against the wider benefits they offer to London.

Fares decisions

- 2.1. The Mayor has decided to increase average fares in line with inflation this year, and we are pleased that he did not go ahead with the above-inflation increase that TfL had been planning in its last Business Plan.²¹ Passengers have seen fares increase faster than inflation in nine of the last ten years, and cannot be squeezed like this indefinitely.²² However, the Mayor has made it clear that the increase for 2014 is a one-off in light of current cost of living pressures, and the expectation is that above-inflation increases will resume in 2015.²³
- 2.2. Many people have no real choice but to use TfL's services, and transport costs are becoming an increasingly large share of many people's incomes – which have remained flat for the majority of Londoners in recent years. This is a particular problem for those on low incomes, who pay the same

fares as those earning many times what they do. And as housing costs continue to rise, some people are being forced to move further away from the centre of London, which could increase their travel costs in another way. London's economy may suffer if it becomes too expensive for some people to travel to work, and the Mayor needs to bear this in mind when setting fares each year.

- 2.3. The Mayor and TfL have argued for many years that above-inflation fare increases are needed to fund services and TfL's capital investment programme. We agree with them that London's transport network requires significant investment, and this need will continue as London's population increases towards a predicted 10 million by 2030. And, while the government gave TfL a six year capital funding deal in July's Spending Review, it also made sharp cuts to TfL's revenue funding to 2015-16. TfL's revenue funding beyond this point is uncertain, but TfL's latest Business Plan is based on an expectation that the government will increase it in line with inflation.²⁴ Should TfL receive less revenue funding from government than this, it could affect services and TfL's ability to fund its capital programme from the revenue surpluses it currently generates.
- 2.4. However, we are still not persuaded by TfL's argument that above-inflation fare increases are essential for the next ten years, as it claimed last year and again claims in its latest Business Plan. The cuts in government revenue funding are being replaced by extra income from the GLA's share of retained business rates. And this income can be expected to increase over the coming years as London's economy grows. Furthermore, we see considerable scope for TfL to significantly increase its commercial income streams and cut its operating expenditure. TfL's latest Business Plan hints at this potential growth, and we await further details on how these plans will be implemented – particularly on how passengers will be affected.
- 2.5. Our argument is that, if the Mayor and TfL keep insisting that these fare increases are essential, they should be able to argue this case in an open and transparent way. Last year, in our response to the Mayor's draft budget, we called upon the Mayor to clearly set out the implications for TfL's Business Plan of inflation-only increases to fares in 2014 and 2015.²⁵ The Mayor's response was limited to explaining that each percentage point increase in fares generates approximately £34 million in additional revenue each year, and that not increasing fares above inflation might force TfL to reduce its maintenance and upgrade work.²⁶ This is an obvious conclusion to reach, and added nothing to our understanding of what is a complex issue. The Mayor has also refused to provide any more

detail on the advice he receives from TfL before his annual fares decision. The Assembly is unable to properly scrutinise these decisions without more detailed information, particularly how different fare options would affect specific capital projects and services for passengers.

- 2.6. There is currently a complete imbalance of information between the Mayor and TfL on one side, and the Assembly and Londoners on the other. This is preventing any meaningful debate on an issue of huge interest to millions of people. While we recognise that TfL has taken some large steps towards transparency this year, its refusal to share more information about the fares decision remains a source of great frustration to the whole Assembly. Once more the Mayor has issued a fares decision without providing any detailed explanation of the alternatives open to him. The Mayor needs to address this issue next year, and set a precedent for future Mayors to live up to.

Commercial income

- 2.7. If TfL generated more income from its commercial activities it would not need to keep increasing fares at above-inflation rates. More than 3.5 billion passenger journeys take place on the network each year, offering TfL access to a huge number of customers. TfL appears to recognise the potential for growth in this area; in April it told us that its commercial income would more than double in two years from £262 million in 2012-13 to £546 million in 2014-15.²⁷
- 2.8. TfL's latest Business Plan, published in the last few days, does not give any financial forecasts for commercial income, or any detail on how it intends to increase this income. But according to Sir Peter Hendy, the TfL Commissioner, TfL is aiming to generate £3 billion of commercial income over the ten years of the Business Plan, compared to £1.7 billion over the ten years of last year's Business Plan.²⁸ As noted above the Mayor has previously stated that each percentage point increase to fares above inflation generated approximately £34 million per year. The increased forecasts for commercial income therefore dwarf what it could generate from increasing fares, and we welcome TfL's new ambition in this respect. TfL must now focus on achieving this growth, and we look forward to seeing much more detail as it implements these plans.

Ticketing

- 2.9. Modern ticketing technology makes it much easier for TfL to tailor its fares more carefully to address specific policy objectives. TfL already has a number of ticketing options and concessions, some of which the current Mayor has introduced himself, such as discounts for apprentices and free

travel for armed forces veterans. TfL is understandably concerned about the impact that any new scheme might have on its fares revenue, and adding to the complexity of the fares system is not, in itself, desirable. But it is the Mayor's responsibility to consider the wider benefits that these schemes can generate for Londoners and the London economy, not just the directly attributable costs for TfL.

- 2.10. We have highlighted below three issues that targeted ticketing could help address, and TfL has agreed to provide initial costings on these proposals by the end of December. The Assembly's Transport Committee, in its recent report on London's buses, asked the Mayor and TfL to report on how they will use modern technology to create a passenger-focussed ticketing system.²⁹ We now ask the Mayor and TfL to include in their report to the Transport Committee assessments of the wider benefits to London's economy that these proposals could generate. The Assembly needs a more rounded assessment of the costs and benefits of these proposals in order to have a fully informed debate.

Encouraging part-time working

The Mayor recognises the importance of part-time working to a flexible economy and wants to create 20,000 extra part-time jobs by 2016. But GLA research shows that travel costs can be a barrier to this.³⁰ Offering part-time season tickets, which provide discounts to passengers travelling to work three or four times a week, may be one way of dealing with this.

Reducing rush hour overcrowding

Introducing lower priced tickets either side of the narrow rush hour peaks (e.g. 7am – 9am and 5pm – 7pm) would incentivise some passengers to travel outside of peak time. As well as improving the passenger experience by helping manage demand, this would slow down the need for expensive investment in capacity improvements – possibly also freeing up revenue to limit fare increases.

Reducing travel costs for low-paid workers

It is difficult to target fare reductions precisely at those who would most benefit. But we know that many low-paid workers travel into London very early in the morning, and tend to use buses more than other modes of transport. Offering "early bird" discounts (e.g. before 6am) and one hour bus tickets would help those who can least afford to travel to work.

- 2.11. The government has recently committed to piloting new ticketing arrangements on some national rail services to examine how it can address some of these issues. We would support the Mayor in

introducing pilot schemes on the TfL network to help evaluate the costs and benefits of targeted ticketing.

Recommendation 3

In his response to this report the Mayor should commit to publishing detailed scenarios of a fares freeze, and increases of RPI and RPI+1 for the 2015 fares decision by the end of August 2014. The first two scenarios should set out which specific projects would have to be cancelled, delayed or reduced in scope because of the reduced fares income.

Recommendation 4

So that Assembly Members have this information before they are asked to approve the Mayor's budget, by 23 January 2014 TfL should provide a summary of its plans to generate commercial income over the next Business Plan period. This should include a breakdown of its financial forecasts.

Recommendation 5

By June 2014 TfL should publish a range of fully costed ticketing options to address the following objectives: to encourage part-time work, to reduce peak time travel and to reduce travel costs for low-paid workers. As part of this, TfL should attempt to quantify the wider economic benefits these measures would generate, and include options for pilot schemes to start in January 2015. The review should build on the work TfL has already been asked to carry out by the Assembly's Transport Committee.

3. Police

Key issues

Crime in London continues to fall, and the Met is making the savings it was asked to by MOPAC. But these headlines mask a complex picture. The Met has fewer officers than the Mayor promised it would, and crime is falling at a slower rate in London than in the rest of England. We need to understand why this is the case, and whether it is a result of the way the Met and MOPAC are handling the budget cuts.

The Met faces further budget cuts over the coming years, and we are concerned at how these will affect the service it can provide to Londoners. Victims of crime are already less satisfied with the service they receive in London than anywhere else in England. And as cheaper new recruits take the place of more costly experienced officers, and as police morale declines, there is a risk that victim satisfaction will suffer.

Modern technology can help cut bureaucracy and release officers on to the front line. It can also assist the Met to make better use of the intelligence it already holds to help it focus its resources more effectively. Following our investigation this year, MOPAC has recently told us it will double the Met's technology budget for the next two years.

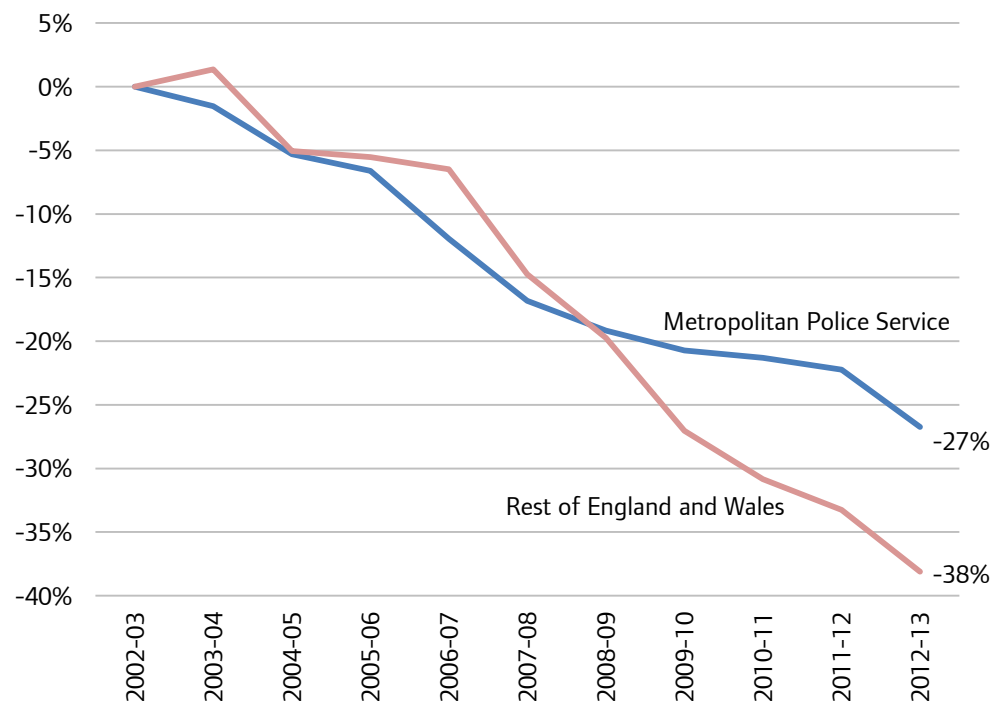
Savings and performance

- 3.1. The Met succeeded in closing the budget gap it faced for 2012-13 but it was only able to do this by operating with less than the Mayoral aspiration of 32,000 officers.³¹ The Met faces a major challenge to cut its costs by 20 per cent (£500 million) between 2013-14 and 2015-16. This presents a significant risk to achieving the performance targets that MOPAC has set the Met over that four year period: to reduce seven key crimes by 20 per cent and to improve public confidence in the police by 20 per cent.³²
- 3.2. While the Met has started to plan for future budget pressures, Her Majesty's Inspectorate of Constabulary (HMIC) found that it has not yet considered the operational risks of such financial pressures in detail.³³ Better information on budget savings – and an assessment of the operational impacts of these savings – is essential for the Assembly and others to scrutinise changes to policing in the capital as the police budget reduces. For example, in 2011 we recommended that the Met use the Operational Policing Measure (OPM) in its budgets and quarterly

monitoring reports, and that the Mayor should use OPM when setting out his plans for frontline policing.³⁴ In last year's budget the Mayor agreed to provide projections for the Met's workforce over the Spending Review period using OPM when the information was finalised.³⁵ But recently the Met stated that the OPM "does not form part of our budgeting process" and that "it is not possible to give predictions about the relative proportions [in operational roles] in future years".³⁶ LFEPA's Fifth London Safety Plan, and the supporting documentation, provides a wealth of information that allows people to make their own judgments on how LFEPA is dealing with the cuts to its budget.³⁷ MOPAC and the Met need to provide more information before the Assembly is asked to approve the Mayor's draft budget.

- 3.3. Despite the cuts to the Met's budget, and the growth in London's population, the level of recorded crime continues to fall in London. There were 27 per cent fewer crimes in 2013 than there were in 2003. But over the last ten years crime across the rest of England and Wales has fallen much further – by some 38 per cent. And the rate of decline in London has lagged sharply behind the rest of England and Wales in the last six years, as the chart on page 18 shows.

Since 2002-03 crime has fallen less sharply in London than in the rest of England and Wales



Source: Office for National Statistics, Crime Survey for England and Wales, October 2013.

Note: Figures exclude fraud, as per HMIC methodology.

- 3.4. Victim satisfaction is also lower in London than elsewhere. As the Assembly's Police and Crime Committee reported in January, victims of crime in London are far less satisfied with the overall service from the police than victims are elsewhere in England and Wales.³⁸ During the year to June 2013, 78 per cent of crime victims were satisfied with the service provided by the Met. This was the lowest figure for any force, and compares with an average figure of 85 per cent for England and Wales.³⁹
- 3.5. At our meeting in October the Met and the Police Federation agreed that major organisational changes, such as those currently underway, present a real risk to performance and the morale of officers and staff.⁴⁰ Experienced staff and officers are leaving the force, and supervisory ratios are increasing, meaning that junior officers can expect to receive less on-the-job training and support than before. These factors may not translate into an immediate decline in performance, but there is a risk that problems are being stored up for future years. MOPAC needs to demonstrate that changes to the Met's workforce will not damage standards.

The Met's use of technology

- 3.6. This year the Committee carried out an in-depth investigation into how the Met uses technology. We were concerned at the Met's plans to cut its technology budget so sharply when it was already clear that the Met's systems were out-of-date and hampering performance. The conclusion of our investigation was clear: the Met's poor use of technology meant that crime in London was higher than it otherwise might be.⁴¹
- 3.7. Technology, if properly used, has the potential to make the police more effective, cut crime, increase officer visibility, and reduce running costs. But the Met has not invested in the right kind of technology in recent years, and many of its systems are completely unsuitable for modern policing needs. The Met will publish its new technology strategy in mid-December which we hope will lead to a step-change in its capabilities.⁴² MOPAC needs to ensure that the budget pressures facing the Met do not restrict vital investment in new technology. We are pleased to note that, following our investigation earlier this year, MOPAC has doubled the Met's technology budget for the next two years.⁴³ This is a clear case of investing now to save later and we look forward to seeing more detail on how this funding will be used.

Recommendation 6

So that Assembly Members have this information before they are asked to approve the Mayor's budget, by 23 January 2014 MOPAC should:

- Provide the Committee with a detailed breakdown of how it intends to make the necessary savings for 2014-15 and 2015-16, along with an assessment of operational risks that may arise from funding reductions in 2014-15 and 2015-16.
- Provide an Operational Policing Measure (OPM) forecast for 2014-15 and 2015-16 based on its budget plans. We are surprised that the Met does not use the OPM as part of its budget setting process, and MOPAC should ensure that it does in future.
- Explain to the Committee why crime has fallen more slowly in London over the last ten years than it has in the rest of England and Wales.

4. Funding uncertainties

Key issues

The Mayor and the GLA have to contend with a number of challenges during the budget-setting process. Uncertainties over income from business rates, council tax and central government funding are often not resolved until well into the New Year. It is not yet clear, for example, how the impact of the government's announcement on business rates will affect the GLA's budget. The proposals made by the London Finance Commission would, if implemented, resolve some of these issues and make it much easier to make the long-term investment decisions that London needs.

Though welcome, the new system of retained business rates (replacing government grant funding) is making it more difficult for the GLA to forecast its income for 2014-15. Moreover, the forecasts provided to date do not take into account the latest available information. The GLA should publish its forecasts for growth in business rates income, taking into account the growth in London's economy, and using information already collected by London boroughs.

The Mayor and the London Enterprise Panel should be using the £111 million Growing Places Fund to give a quick boost to jobs and growth in London. The slow rate of approving funding to projects, compared to other major Local Enterprise Partnerships in England, risks delaying the benefits that they will generate. And the uncertainty over the future of the New Homes Bonus scheme casts some doubt over the continuing existence of the London Enterprise Panel itself.

The Mayor has committed to meeting the funding gaps of LFEPA and the London Legacy Development Corporation (LLDC) in 2015-16. Both organisations still face a number of risks from funding pressures, however, and may require further support from the GLA.

- 4.1. In May 2013 the London Finance Commission called for the government to grant greater fiscal devolution to London, including full control over property taxes such as business rates, council tax and stamp duty.⁴⁴ These proposals, if implemented, would have profound consequences for London, giving the GLA and the boroughs much greater control over their future income streams and making it easier to fund major infrastructure projects. Reducing the GLA's dependence on government funding, and its exposure to government policy changes, would make the budget-setting process more straightforward. This would perhaps allow it to happen

earlier in the year, giving the Assembly more time to consider the Mayor's budget proposals in greater detail.

Business rates

- 4.2. On 1 April 2013 the way that business rates income is distributed between local authorities changed. Under the new system local authorities retain 50 per cent of business rates income. In London this means that the GLA will receive almost £1 billion through this route in 2014-15. The vast majority is earmarked for TfL in place of the declining transport grant from government, with smaller sums budgeted for LFEPA and the core GLA. But the GLA has not revised its forecasts for business rates income since the 2012-13 budget – partly because boroughs have not provided the information needed, but also because the GLA has not updated its figures to reflect the impact of economic growth and inflation on business rates receipts. While we acknowledge the uncertainties the GLA faces in preparing business rates forecasts, it would be helpful for the Assembly to see some scenario plans during its scrutiny of the Mayor's budget.
- 4.3. Although this new system has been in place for over nine months there is still a great deal of uncertainty over how it is working. Local authorities routinely track their business rates income and the mid-year returns they submit to government will help the GLA estimate its business rates income for 2013-14 in December. To protect itself from any unexpected shortfalls – particularly as a result of appeals by businesses – the GLA has built up a resilience reserve which will be worth some £47 million by the end of March 2014. This is due to increase to £62 million in March 2015 and £74 million in March 2016.⁴⁵
- 4.4. Successive governments have increased business rates in line with inflation every year, meaning that the GLA's income from this source has also increased. But the government has recently announced that business rates will in fact increase by 2 per cent, rather than the expected 3.2 per cent next year.⁴⁶ This will have the effect of reducing the GLA Group's expected income from business rates by £11 million in 2014-15 (although another consequence is that the GLA's business rates tariff payable to the government will fall by an unknown amount).⁴⁷ TfL receives 85 per cent of the Group's business rates income, so stands to lose up to £10 million of income as a result of this decision. The government is yet to announce whether it will compensate authorities for this lost income. If it chooses not to, TfL may have to find additional savings or more income to offset this.⁴⁸ And the GLA will have to increase its funding to LFEPA by up to £1 million because of this change,

either by making use of its resilience reserve or by moving funding from other areas of activity. The consequences for the GLA of the government's decision will not be known until late in December. This is a clear example of London's lack of control over its own finances, which the Mayor, the London Finance Commission and the Assembly are lobbying government to change.

- 4.5. As London's economy grows we can also expect the GLA's income from business rates to grow. When existing businesses expand, or as new ones are created, rates become chargeable over a larger physical area. In this respect the GLA is well-placed to benefit. The number of businesses registered in London increased by 3 per cent from 2012 to 2013, and recent research found that 17 of the top 20 areas for business creation in the United Kingdom were in London.⁴⁹ And as the fortunes of businesses improve, their ability to pay business rates also improves. The GLA will benefit from both of these factors, but has not attempted to estimate any increase in its budget. This may be presented as a prudent approach, so as not to assume growth that may not materialise. But this does not give the Assembly the most reasonable estimate of the GLA's income from this source, and it particularly limits our ability to debate the results of the GLA's programme prioritisation process.

Using funds quickly and effectively

- 4.6. In November 2011 the Government launched the Growing Places Fund, set up to "generate economic activity in the short term by addressing immediate infrastructure and site constraints which promote the delivery of jobs and housing".⁵⁰ It initially allocated £41 million to London, and added a further £70 million in March 2012.⁵¹ The London Enterprise Panel (LEP) was given responsibility for using this funding, but took too long to set up an effective process for approving the bids for funding that it received. The Mayor has said that delays in establishing the LEP were in part due to the 2012 Olympic Games, the abolition of the London Development Agency (LDA), and the GLA inheriting the work of the HCA.⁵²
- 4.7. By June 2013 the Mayor had approved just over 6 per cent of London's allocated £111 million. This compared poorly with the figures for the three Local Enterprise Partnerships with the next largest allocations: 36 per cent for the South East, 38 per cent for Manchester, and 81 per cent for Leeds.⁵³ In an attempt to improve the way the LEP operated the Mayor appointed himself as Chair in October 2013. Although the Mayor says that the performance of the Growing Places Fund was not a reason for restructuring the LEP, the fact that he decided a restructure was

necessary suggests its original structure was not working as well as it could.

- 4.8. This delay has slowed down any boost to London's economy and jobs that the funding will generate. While we agree with the Mayor that it is essential to spend this money carefully, it is clear that London has been singularly slow in making use of this opportunity at a time when extra funding has been most needed. Another reason the GLA has offered for the delay is that there was no pipeline of suitable projects to fund, and it took time for them to come forward.⁵⁴ Now that these projects are lined up – such as the upgrade to Hackney Wick station, more rail services between Tottenham Hale and the Upper Lee Valley, and support for high-speed broadband – we hope that work can progress quickly. But the GLA and the LEP cannot be so slow to make use of new funding streams in future. As well as delaying the economic benefits that this funding can generate, it can leave the GLA open to criticism from government and may damage the GLA's prospects when bidding and negotiating for other funding pots. For example, the GLA is expecting to benefit from a major new source of funding – the New Homes Bonus – from 2015-16.

The New Homes Bonus

- 4.9. In June the government announced that a share of the New Homes Bonus (NHB) payable to local authorities would be available to Local Enterprise Partnership areas to support local strategic and economic development priorities. As a result of this top-slicing, the LEP had expected London to receive £88 million in 2015-16 and £105 million in each year from 2016-17 to 2019-20.⁵⁵ The government has recently announced that the LEP will in fact receive £70 million in 2015-16, and is the only LEP in the country that will receive a share of the NHB in this way.⁵⁶ But there is still uncertainty over how much control the LEP will have over this funding; London councils may not be happy that they will have their funding cut in this way while other councils in England will not. They will be looking to the LEP for this share to be returned to them or benefit them in some other way.
- 4.10. It is not yet clear how much control the LEP will have over this funding, or how it would use it – the government has not ring-fenced it for housing projects. The LEP has indicated that those boroughs that currently receive the most NHB will receive maximum investment from the LEP. Taking into account the reduction in NHB top-slicing announced by the government, Tower Hamlets would receive almost £8 million, with Islington, Hackney and Southwark receiving approximately £4 million each.⁵⁷

- 4.11. But the GLA does not want to simply hand all of this money back to the local authorities, and is currently negotiating with London Councils over how much it should retain for the Mayor's priorities. Sir Edward Lister told us that London Councils wanted 80 per cent of the funding spent in the originating boroughs, with 20 per cent available to the Mayor. Perhaps a bigger concern is that the government's proposal is still subject to consultation, and that there is no guarantee that the New Homes Bonus would exist from 2016-17. These factors make it very difficult for the LEP to plan with any certainty, and, ultimately, puts the existence of the LEP itself in doubt. As Sir Edward Lister told us in November, "if you do not get this money, what is the point of having a LEP?"⁵⁸

Funding gaps and priorities

- 4.12. In his budget the Mayor has to assess the many competing demands for funding and make decisions as to how he allocates the funding available to him. We know that he has chosen to provide additional funding to LFEPA and the LLDC in 2014-15 and 2015-16. But, as we set out below, there are still a number of risks for those organisations to deal with.
- 4.13. For every spending decision the Mayor makes there are opportunity costs: the benefits that would arise from allocating funding differently. The Mayor has £100 million available for discretionary projects and programmes in total for 2015-16 and 2016-17, but we have very little idea how this money is prioritised.⁵⁹ In November we discussed programmes the Mayor may choose to fund, including the London Waste and Recycling Board (LWARB), the Barking Riverside scheme, and a complete overhaul of the GLA website.
- 4.14. There are many other priorities that would also benefit from extra funding, such as programmes to cut carbon dioxide emissions in London. We were told in November that the Mayor remains committed to the targets in his Climate Change Mitigation and Energy Strategy. But performance so far is well below the annual targets set out in the strategy⁶⁰, and the GLA's draft budget notes that the home retrofitting programme may have its budget cut from £1 million in 2013-14 to £120,000 in the years 2014-15 and 2015-16.⁶¹ This may be an area where the Mayor chooses to invest additional funding during the prioritisation process. The Mayor will be in a position to make more decisions after the Local Government Finance Settlement is announced in December and the business rates returns are made in January.

The London Fire and Emergency Planning Authority (LFEPA)

- 4.15. Despite the political uncertainty of the last year, LFEPA has done well to produce a nearly-balanced budget for 2014-15. It needed to find £35.6 million of savings in 2014-15 to operate within the funding envelope of £379 million set by the Mayor in his budget guidance document. It plans to save £27.5 million by implementing the changes contained in the Fifth London Safety Plan (LSP5), and identified a further £7.3 million of savings in September. Taking into account other minor changes, LFEPA currently needs to find another £1.4 million of savings in the rest of the budget-setting process.
- 4.16. However, implementing LSP5 on time will be challenging. Around 600 staff posts will be deleted, 10 fire stations will close and 15 fire engines cut. These are contentious measures and, although LSP5 has now been approved following a Mayoral direction, there is a risk that the planned savings will not all be secured. Already, £2 million in expected savings for 2014-15 have been lost because cuts to senior staff will not be made in line with the original LSP5 timetable.⁶² Any further delays increase the risk that LFEPA will not be able to make the savings needed in 2014-15.
- 4.17. Whilst LFEPA has almost closed its budget gap for 2014-15, this is based on the assumption that the GLA provides some additional financial assistance towards the up-front costs of implementing LSP5. LFEPA has committed to avoiding compulsory redundancies, and would like to offer a £10,000 payment for voluntary redundancy. However, it is currently prevented by national pension rules and LFEPA estimates that, unless the government changes these rules, it will incur an additional cost of some £7.7 million in 2014-15. LFEPA does not have the reserves to cover these up-front implementation costs, and expects the GLA to meet them. Discussions between the GLA and LFEPA are continuing.
- 4.18. The Mayor has committed to providing LFEPA with the same level of funding in 2014-15 and 2015-16 as he set out in his budget last year (£379 million). This is despite the government announcing cuts to fire authority funding of 1 per cent in 2014-15 and 7.5 per cent in 2015-16 in June's Spending Review. LFEPA currently has a gap of almost £10 million for 2015-16 which it will have to close in next year's budget-setting process.

The London Legacy Development Corporation (LLDC)

- 4.19. The LLDC had, until very recently, been facing a significant revenue shortfall from 2015-16. In that year the GLA had been due to cut its grant funding to the LLDC from £38 million to an annual figure of £10 million.⁶³

After cutting its expenditure and using its reserves this would have left the LLDC with a forecast revenue budget gap of almost £10 million in 2015-16. This position concerned the LLDC's auditors so much that only a last-minute letter of comfort from the GLA prevented them from qualifying the LLDC's accounts for 2012-13. This stated that additional funding for the LLDC would be prioritised by the Mayor and the GLA in 2015-16 and 2016-17.⁶⁴

- 4.20. Since then the GLA and the LLDC have been negotiating over the terms of this agreement, and the GLA has provisionally agreed to provide an extra £8 million of funding in 2015-16 and £4.3 million in 2016-17.⁶⁵ This additional funding, and the use of the LLDC's reserves, has allowed the LLDC to submit a balanced revenue budget proposal to the GLA. This issue indicates that, despite cutting costs, the LLDC is facing real problems as its purpose shifts from transformation of the Olympic Park to its operation. We are still concerned that the financial pressure the LLDC faces will affect its ability to bring about the wider regeneration objectives it was tasked to achieve, and the Assembly will continue to monitor performance over the coming years.

Recommendation 7

The Mayor's budget should include a more accurate estimate of business rates income taking into account the growth of London's economy and using the forecasts made by each London borough.

Recommendation 8

From 2014-15 the GLA should publish estimates of business rates income in its budget guidance and draft consultation budget using data produced by London boroughs.

Recommendation 9

The Mayor's budget should clearly set out the results of the core GLA's budget prioritisation process, explaining what projects and programmes will have their funding cut from that set out for 2014-15 in last year's budget and why.

Recommendation 10

While we recognise that this will be fully addressed in next year's budget, the Mayor should indicate in this year's budget how the budget gaps of LFEPA and the LLDC will be met from 2015-16, and where any extra GLA funding will come from.

5. Working together

Key issues

In not aligning their estates rationalisation programmes, MOPAC and LFEPA may be missing an opportunity to find greater efficiency savings and improve the services they provide to Londoners.

The shared services agenda is still failing to take hold across the GLA Group, and organisations within the Group are pursuing their own individual efficiency programmes. There are lessons to be learned from the way the Cabinet Office is establishing two independent shared service centres to provide back office functions for 12 government departments.

The emergency services

- 5.1. Over the last year MOPAC and LFEPA have been devising programmes to reshape and reduce the size of their estates to cut their operating costs. As a result, over 60 police stations and safer neighbourhood bases, and 10 fire stations will close over the next few years. However, we have found no evidence that MOPAC and LFEPA have coordinated their programmes, or that the Mayor has issued them with any clear instructions to do so. The two services operate from separate headquarters, command and control centres and local stations across London. There is evidence to suggest that sharing facilities makes it easier for the services to communicate and improves performance.⁶⁶ There must be scope for some premises to be shared so that money can be saved and services improved.
- 5.2. The Mayor has also not done enough to encourage MOPAC and LFEPA to engage with the London Ambulance Service (LAS). In 2011 the Assembly heard that the LAS was also looking to reduce the size of its estate, including 70 ambulance stations and a number of headquarter buildings.⁶⁷ The Assembly's former Health and Public Services Committee recommended that the Mayor should commission a review of shared facilities between LFEPA and the LAS with specific proposals for shared stations and control centres. The Mayor chose not to establish the proposed review, and no tangible progress appears to have been made since then.⁶⁸
- 5.3. At our meeting in December we will ask the heads of the three emergency services in London why there has been so little progress in

sharing facilities, as part of a wider discussion about how they intend to work more effectively together. And in March 2014 we will look in more detail at whether the GLA Group as a whole is taking a strategic approach to its portfolio of property and land. Selling valuable property assets cannot be easily reversed, and we are concerned that short-term decisions may inhibit any moves towards greater integration between London's three emergency services in future.

Shared services

- 5.4. The GLA has now accepted that shared services will not generate the level of savings it had previously hoped. In July 2010 the then Budget and Performance Advisor to the Mayor, Nicholas Griffin, told us that collaborative procurement could save the GLA Group some £440 million each year.⁶⁹ Every year since we have seen lower targets introduced, and the savings definition changed. In our Pre-Budget Report last year we called for clear annual shared service targets for internal audit, collaborative procurement and the single property unit. The GLA now reports progress in these areas to the Assembly's GLA Oversight Committee twice a year.
- 5.5. The two-year target for internal audit savings has been exceeded in a single year, for which MOPAC deserves credit. However, in other, potentially more fruitful areas, progress remains slow. And, perhaps more worryingly, there is still no evidence of meaningful cultural change within the individual organisations in the GLA Group. While the heads of these organisations say they are interested in sharing services with others in the Group, very little is actually happening. Sir Edward Lister, the Mayor's Chief of Staff, is now responsible for taking this agenda forward but admits that he has to rely on persuasion, rather than coercion.⁷⁰
- 5.6. This period of budget cuts and organisational reform presents the GLA Group with an opportunity to work together and generate real financial savings. As their requirements change to suit their new business models they should actively seek ways to harness their collective bargaining power to secure more favourable terms from suppliers.
- 5.7. The Met, for instance, recently announced plans to outsource many of its back office functions, including human resources, procurement and finance, worth some £500 million per year.⁷¹ And despite the differences between the organisations within the GLA Group, they all share the need for these basic functions to be carried out. Yet there is no sign that the Met has seriously considered options at a GLA Group level.

- 5.8. Meanwhile, local authorities are devising innovative approaches to the challenge of funding reductions through shared services and different ways of working. And the Cabinet Office is bringing the back office functions of 12 major government departments into two specially-created shared service centres by the end of 2014.⁷² This particular transformation has had its difficulties, and this model may not be appropriate for the GLA Group. But there must be lessons that the GLA can learn from central and local government to find efficiency savings.⁷³

Recommendation 11

Before the Met outsources its back office functions the Mayor should consider whether a) other parts of the GLA Group should join this process with the Met and b) whether the Met should share these functions with other parts of the Group instead of outsourcing them. It should publish its findings in its next shared services update report to the GLA Oversight Committee, which monitors the GLA's progress in shared services.

Recommendation 12

In the next shared services update report, the Mayor's Chief of Staff should include an analysis of how the government's shared services model could be applied to the GLA Group.

6. Recognising progress

Key issues

The GLA Group has become more transparent over the last year, and publishes more data, papers and contracts than ever before. We congratulate the Mayor on this, and ask him to keep pressing the GLA Group to increase its transparency further still.

The GLA has responded well to our requests that it should establish a set of Key Performance Indicators. These need to be regularly reviewed to ensure they reflect the Mayor's main priorities and issues of interest to Londoners.

Transparency

- 6.1. Over the last year the GLA Group has become more transparent, and we applaud this wholeheartedly. It feels like real progress has been made, and the concept of transparency is finally being accepted by more and more of those in senior positions. The responses, from across the GLA Group, to the GLA Oversight Committee's report on transparency, were encouraging, and we hope they indicate the beginnings of cultural change.⁷⁴ Progress over the last year includes:
- Commitments from across the GLA Group to routinely publish contracts in future, and the publication of existing contracts of interest, notably the Barclays Cycle Hire scheme agreement.
 - Significant improvements in the detail, frequency and timeliness of housing statistics.
 - TfL agreeing to open up its Advisory Panel meetings to the public and publishing the papers in advance.
 - TfL revising the format of its quarterly performance reports and providing more information in its Business Plan to allow people to track how its figures change over time.
- 6.2. We welcome these developments. The Assembly, and many interested Londoners, are now able to access more information than ever before to hold the Mayor and the GLA Group to account more effectively. But there is still room for improvement, and we will continue to urge for greater transparency and more openness. The most important issue, which was discussed in part two of this report, is for the Mayor and TfL to publish a number of scenarios well in advance of the annual fares

decision. Below we have recommended a number of other areas where we would like to see improvements.

Key Performance Indicators

- 6.3. The GLA has responded positively to the Committee's request for a set of Key Performance Indicators (KPIs) and we now receive quarterly reports on these. In October the Budget Monitoring Sub-Committee held a constructive meeting with the GLA on this issue, and we look forward to working with them to refine the measures. Below we recommend a number of further improvements, and welcome discussions with the GLA regarding how these can be made. We were also pleased to hear that the GLA, in response to our request, will link these KPIs to the associated expenditure and staffing resources in future annual reports.

Recommendation 13

In response to this report the Mayor should commit to:

- Publish more detail on the size and tenure of affordable homes in quarterly housing statistics
- Secure a commitment from the Met to provide the Assembly with regular Operational Policing Measure data as part of quarterly performance reporting.
- Gain agreement from the LLDC to publish major contracts and development deals, rather than just provide a register of those contracts.

Recommendation 14

In response to this report the GLA should respond to the following suggestions for improvements to its range of Key Performance Indicators and targets:

- Monitor the number of employees whose wages have increased to the London Living Wage.
- Introduce a stretch target in 2014-15 and 2015-16 for the number of jobs the GLA creates and/or supports.
- Set clear performance measures for the GLA's External Affairs department.

Appendix 1 Recommendations

Recommendation 1

The Mayor should consider options to reduce the disincentive that the March 2015 deadline in the Affordable Homes Programme now presents to developers. For example, the level of funding could be tapered down to zero in the months after the March 2015 deadline. Alternatively, the completion deadline itself could be pushed back by a few months for homes started by March 2014.

Recommendation 2

When considering how to dispose of surplus land and property the GLA should carefully examine whether leasing, rather than selling, assets would be more beneficial. And when the GLA sells its assets it should take steps to ensure that it shares in any profits arising from short term increases in land and property prices.

Recommendation 3

In his response to this report the Mayor should commit to publishing detailed scenarios of a fares freeze, and increases of RPI and RPI+1 for the 2015 fares decision by the end of August 2014. The first two scenarios should set out which specific projects would have to be cancelled, delayed or reduced in scope because of the reduced fares income.

Recommendation 4

So that Assembly Members have this information before they are asked to approve the Mayor's budget, by 23 January 2014 TfL should provide a summary of its plans to generate commercial income over the next Business Plan period. This should include a breakdown of its financial forecasts.

Recommendation 5

By June 2014 TfL should publish a range of fully costed ticketing options to address the following objectives: to encourage part-time work, to reduce peak time travel and to reduce travel costs for low-paid workers. As part of this, TfL should attempt to quantify the wider economic benefits these measures would generate, and include options for pilot schemes to start in January 2015. The review should build on the work TfL has already been asked to carry out by the Assembly's Transport Committee.

Recommendation 6

So that Assembly Members have this information before they are asked to approve the Mayor's budget, by 23 January 2014 MOPAC should:

- Provide the Committee with a detailed breakdown of how it intends to make the necessary savings for 2014-15 and 2015-16, along with an assessment of operational risks that may arise from funding reductions in 2014-15 and 2015-16.
- Provide an Operational Policing Measure (OPM) forecast for 2014-15 and 2015-16 based on its budget plans. We are surprised that the Met does not use the OPM as part of its budget setting process, and MOPAC should ensure that it does in future.
- Explain to the Committee why crime has fallen more slowly in London over the last ten years than it has in the rest of England and Wales.

Recommendation 7

The Mayor's budget should include a more accurate estimate of business rates income taking into account the growth of London's economy and using the forecasts made by each London borough.

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- Set clear performance measures for the GLA's External Affairs department.

Appendix 2 Endnotes

¹ Mayor of London, *2020 Vision*, June 2013, page 38.

² GLA affordable housing statistics, September 2013

³ Mayor of London, *The London Plan*, Revised Early Minor Alterations, October 2013, page 16.

⁴ Richard Blakeway, Deputy Mayor for Housing, Land and Property, speaking to the London Assembly Housing Committee, 12 November 2013.

⁵ Jamie Ratcliff, Assistant Director, Programme, Policy and Services, speaking to the London Assembly Budget Monitoring Sub-Committee, 17 July 2013.

⁶ David Lunts, Executive Director for Housing and Land, speaking to the London Assembly Housing Committee, 12 November 2013.

⁷ Sources: GLA 2013-14 Quarter 1 monitoring report, 16 October 2013, page 17-18; Quarterly Affordable Housing Programmes Update – End September 2013, Housing Investment Group, 23 October 2013.

⁸ London Assembly Housing and Regeneration Committee, *Housing associations and the delivery of affordable housing in London: an issues paper*, June 2013, page 10.

⁹ Richard Blakeway, Deputy Mayor for Housing, Land and Property, speaking to the London Assembly Housing Committee, 12 November 2013.

¹⁰ Mayoral Decision 1174, *Mayor's Housing Covenant additional funding allocations*, 22 April 2013, page 2.

¹¹ Mayoral Decision 1281, *Mayor's Housing Covenant Building the Pipeline recommended programme allocations*, 22 November 2013.

¹² Letter from Boris Johnson, Mayor of London, to Chair of Housing committee, 5 August 2013. As at 30 September 2013, all 502 housing starts in the Mayor's Housing Covenant were for Affordable Home Ownership. (Source: GLA affordable housing statistics, September 2013).

¹³ From April 2011 to September 2013, 34 per cent of rented housing starts and 11 per cent of home ownership starts were family-sized. Calculated by Committee Officers using GLA affordable housing statistics, September 2013. (Support housing excluded from calculations.)

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- ¹⁴ The GLA's land and property database contains details of the GLA's assets: www.london.gov.uk/priorities/housing-land/land-assets/land-and-property-database
- ¹⁵ David Lunts, Executive Director for Housing and Land speaking to the Budget and Performance Committee, 19 November 2013.
- ¹⁶ MOPAC Deputy Mayor for Policing and Crime decision 2013-072, *Disposals*, 17 May 2013.
- ¹⁷ GLA Investment and Performance Board paper, Property Asset Strategy, 15 November 2013, appendix 1, page 4.
- ¹⁸ Sir Edward Lister, Mayor's Chief of Staff, speaking at the London Assembly Budget and Performance Committee meeting, 19 November 2013
- ¹⁹ Mayor of London, *Homes for London: the London housing strategy* (draft for consultation), November 2013, page 47.
- ²⁰ MOPAC/MPS, *Estate Strategy 2013-16*, May 2013, and LFEPA, *Fifth London Safety Plan*, July 2013.
- ²¹ TfL, *Business Plan*, December 2012.
- ²² Average fares have increased above inflation in every year since 2004 except 2008. Analysis of fares decisions before 2011 is contained in the London Assembly Budget and Performance Committee report, *Balancing act: the Mayor's 2011 fares decision*, August 2011, page 11.
- ²³ Mayoral Decision 1243, *January 2014 fare changes*, 3 December 2013, paragraph 1.3.
- ²⁴ TfL, *Draft Business Plan*, December 2013, page 80.
- ²⁵ London Assembly Budget and Performance Committee, *Response to the Mayor's draft consultation budget 2013-14*, January 2013, page 10.
- ²⁶ Letter from Boris Johnson, Mayor of London, to Chair of Budget and Performance Committee, 4 February 2013, page 7.
- ²⁷ Letter from Graeme Craig, TfL Commercial Development Director, to Chair of Budget and Performance Committee, 5 April 2013, page 6.
- ²⁸ Sir Peter Hendy, TfL Commissioner, speaking at the London Assembly plenary meeting, 9 October 2013.
- ²⁹ London Assembly Transport Committee, *Bus services in London*, October 2013, page 35.
- ³⁰ Centre for Social and Economic Inclusion for the GLA, *Driving up part-time employment in London*, December 2012, pages 9-10.

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- ³¹ Mayor's Office for Policing and Crime, Revenue and Capital Budget Monitoring Report 2012-13, July 2013, page 6.
- ³² Mayor's Office for Policing and Crime, *Police and crime plan 2013-2016*, March 2013, page 18.
- ³³ Her Majesty's Inspectorate of Constabulary, *Metropolitan Police Service's response to the funding challenge*, July 2013, page 5.
- ³⁴ London Assembly Budget and Performance Committee, *Policing in London*, June 2011, page 24.
- ³⁵ GLA, *The Greater London Authority Consolidated budget and component budgets 2013-14*, March 2013, paragraph 4.11.
- ³⁶ Mayor's response to Jenny Jones AM, MQT 0146/2013, 28 October 2013.
- ³⁷ LFEPA, *Fifth London Safety Plan*, July 2013.
- ³⁸ London Assembly Police and Crime Committee, *Duty of care: improving support for victims of crime*, January 2013.
- ³⁹ HMIC Crime and Policing Comparator data for 2013, available at www.hmic.gov.uk/data/crime-and-policing-comparator-data
- ⁴⁰ Robin Wilkinson, Met Director of Human Resources, and John Tully, Chair of the Metropolitan Police Federation, speaking at the London Assembly Budget and Performance Committee meeting, 22 October 2013.
- ⁴¹ London Assembly Budget and Performance Committee, *Smart policing: how the Metropolitan Police Service can make better use of technology*, August 2013.
- ⁴² Information provided to Committee officers by the Metropolitan Police Service.
- ⁴³ Letter from Stephen Greenhalgh, Deputy Mayor for Policing and Crime, to Chair of Budget and Performance Committee, 4 December 2013.
- ⁴⁴ London Finance Commission, *Raising the Capital*, May 2013.
- ⁴⁵ GLA Draft Budget 2014-15, 11 November 2013, page 28.
- ⁴⁶ HM Government, *Autumn Statement 2013*, 5 December 2013, paragraph 1.159.
- ⁴⁷ The GLA budgeted to receive £944 million of business rates in 2012-13. Applying the 3.2 per cent RPI for September 2013 would have increased this by £30 million. Applying the government's 2 per cent increase raises it by £19 million.
- ⁴⁸ MOPAC is outside the retained business rates scheme.

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- ⁴⁹ Office for National Statistics, *UK Business: Activity, Size and Location 2013*, 3 October 2013. UHY Hacker Young, *London's Silicon Roundabout is top area for start-ups*, 15 July 2013.
- ⁵⁰ London Enterprise Panel board paper, The Growing Places Fund in London, February 2012, paragraph 4.1.
- ⁵¹ Of the £111 million total, £101 million is for capital projects and £10 million for revenue costs.
- ⁵² Boris Johnson, Mayor of London, speaking at the London Assembly Economy Committee, 3 December 2013.
- ⁵³ Information provided to Committee officers by individual local enterprise partnerships.
- ⁵⁴ Debbie Jackson, GLA Assistant Director for Regeneration, speaking at the London Assembly Budget Monitoring Sub-Committee, 16 October 2013.
- ⁵⁵ London Enterprise Panel board paper, Single Local Growth Fund and the New Homes Bonus, 2 October 2013, paragraph 6.1.
- ⁵⁶ HM Government, *Autumn Statement 2013*, 5 December 2013, paragraph 1.230.
- ⁵⁷ London Enterprise Panel board paper, Single Local Growth Fund and the New Homes Bonus (appendix A), 2 October 2013. The figures in the text have been calculated by reducing the allocations in the LEP paper in proportion to the change in expected LEP funding in 2015-16 (from £88 million to £70 million).
- ⁵⁸ Sir Edward Lister, Mayor's Chief of Staff, speaking at the London Assembly Budget and Performance Committee meeting, 19 November 2013.
- ⁵⁹ Letter from Martin Clarke, GLA Executive Director of Resources, to Karl Havers, Partner at Ernst & Young LLP, dated 13 September 2013.
- ⁶⁰ Comparing the latest performance figures in the GLA 2013-14 Quarter 1 monitoring report, 16 October 2013, pages 15-17 against the data in the Mayor's Climate Change Mitigation and Energy Strategy model data.
- ⁶¹ GLA Draft Budget 2014-15, 11 November 2013, page 25.
- ⁶² LFEPA Resources Committee paper, Budget update, 11 November 2013, paragraph 29.
- ⁶³ LLDC, *Three Year Business Plan 2013-14 to 2015-16*, March 2013, page 26.

⁶⁴ Letter from Martin Clarke, GLA Executive Director of Resources, to Karl Havers, Partner at Ernst & Young LLP, dated 13 September 2013.

⁶⁵ LLDC, *Three Year Budget and Business Plan 2014-15 to 2016-17*, November 2013, page 46.

⁶⁶ GLA Conservatives, *A united emergency service*, October 2012.

⁶⁷ London Assembly Health and Public Services Committee, *The future of the London Ambulance Service*, December 2011, page 45.

⁶⁸ Letter from the Mayor (dated 7 March 2012) in response to the Committee's report.

⁶⁹ Based on a 20 per cent saving of a £2.2 billion annual procurement spend. Nicholas Griffin, former Budget and Performance Advisor to the Mayor, speaking at the London Assembly Budget and Performance Committee meeting, 13 July 2010.

⁷⁰ Sir Edward Lister, Mayor's Chief of Staff, speaking at the London Assembly GLA Oversight Committee meeting, 22 November 2013.

⁷¹ Financial Times, *Met police put £500m of services out to tender*, 14 November 2013.

⁷² HM Government, *Next generation shared services: the strategic plan*, December 2012.

⁷³ For example see the National Audit Office report, *Efficiency and reform in government corporate functions through shared service centres*, March 2012.

⁷⁴ London Assembly GLA Oversight Committee, *Transparency of the GLA Group*, June 2013.

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