



# Is London Working?

A consultation paper for the  
Commission on London Governance

February 2005

COMMISSION  
ON  
LONDON  
GOVERNANCE

## **IS LONDON WORKING?**

### **1. Introduction**

1.1 The Commission on London Governance, comprising cross-party representatives from the Association of London Government and the London Assembly, is carrying out a review of London governance.

1.2 The purpose of this consultation paper is to seek your views on the current governance arrangements of London and how they might be improved to provide better services more effectively to Londoners. What you say will have a profound impact on the work and eventual conclusions of the review, which is expected to be completed by the winter of 2005.

1.3 Nearly 40 years ago in April, 1965, the map of London changed radically when legislation following the Herbert Royal Commission into London Governance created Greater London. This area – still the GLA's boundaries today – is seven times larger than the London that had been administered by the old London County Council since 1889. (More detail on previous inquiries into London Governance is given in annex 1).

1.4 Today's Commission on London Governance intends to concentrate on how well London works – the effectiveness, efficiency, quality and accountability of public services and their providers. That is why the Commission has decided not to review the boundaries of London or its boroughs; the costs and disruption would likely outweigh any possible benefits of better service provision. So, in contrast to the Herbert review, the focus for this Commission will be London's services rather than its map.

1.5 It is important to review how London is run because we need to ensure that Londoners are getting the best possible public services, that public funds are being used most effectively and that there is proper democratic control and responsibility for decisions affecting London. We are looking for examples of where public services are being delivered to the satisfaction of Londoners and examples of where change is needed to improve them.

## **2. Why are we having a review of London governance now?**

2.1 There is an overriding case for making sure that the pattern of London's governance maximises the provision of high quality public services at good value for money and in line with what Londoners actually want, and there are a number of timely reasons for a review now:

- In recent years a much more extensive mixed market in public services has emerged, with the private and voluntary sectors providing services to public bodies under contract and an increasing amount of cross-borough partnership activity.
- Declining voter participation, in both national and local elections, suggests a need to examine the health of local democratic structures.
- The increase in direct central government funding of services to Londoners raises both practical and accountability issues.
- In November 2004 voters in a referendum in the North East of England rejected proposals for an elected regional assembly, and the Government abandoned plans for further referendums on regional assemblies. It is therefore an opportune moment to consider whether the existing GLA and/or London borough powers and responsibilities are appropriate.
- The efficiency of public services is now high on the Government's agenda. Sir Peter Gershon's report to the Government on public sector efficiency identified the need to improve procurement practices and to minimise variations in the costs and performance of service providers.
- The projected growth in London's population and employment base between now and 2016, the implications of implementing the Mayor's London Plan, the scale of proposed development in the Thames Gateway and the implications of a successful Olympic bid will all test the robustness of London's governance arrangements.

## **3. The issues on which we want to hear your views**

Please respond to as many of the questions as you wish. Are there any other issues relating to London governance, which you think should be addressed?

### **(a) Giving local communities more of a say in their affairs**

The national political parties are currently advancing ideas on how to increase further public involvement in local communities, and to make public services more responsive to the needs of those who use them. A number of London boroughs already operate various forms of area committee and neighbourhood governance structures (for example, local community or town centre forums) to devolve discussion and, in some cases, decision-making.

*What evidence is there to show that such arrangements can make a difference?*

New Deal for Communities, Neighbourhood Renewal Fund and Surestart are neighbourhood programmes that are either led or primarily funded by central government. The Commission would like to hear the experiences of those who have been involved in such programmes.

*Is there a case for giving neighbourhoods more of a say in their affairs? If so, should this be restricted to the specific responsibilities of their local councils or extended to issues such as policing and health? In terms of governance, what lessons can be learned from programmes such as New Deal for Communities and Surestart?*

(b) Addressing geographical differences of service provision

The availability and quality of public services can differ dramatically between London's localities. This in part is the result of wide differences in needs, which may not be matched by the present levels of funding. And local choice may lead to local differences in service provision. During the present Government's first term, work by its Social Exclusion Unit pointed to the importance of the appropriate use of mainstream public funds – and not just specific regeneration funding – in tackling the multiple challenges facing deprived communities.

In London, the boundaries of public agencies do not always conform to borough boundaries, and even borough council services are not provided on an exclusively residential basis. Many London schoolchildren live in one borough and are educated in another. Londoners often visit libraries, parks or leisure centres on the basis of convenience and personal preference rather than because they live in a particular borough. Difficulties facing non-borough services are more acute in particular parts of London: in the health sector, examples include GP recruitment and pressures on NHS dentistry.

*Do you have examples of the different quality and range of service provision being provided as a result of geographical location? Why have these differences emerged?*

*Assuming a minimum standard, do you believe that local communities should decide democratically local priorities even if geographical differences may result?*

### (c) The case for special funding arrangements for London

At present, estimates suggest that London contributes between £9bn and £15bn more in taxation to the national Exchequer than it receives in public expenditure. Businesses in the capital pay £1.5bn more into the national non-domestic rating pool than is returned to London local authorities.

Council tax, the main source of finance independently controlled by London's local authorities, raises on average only 25 per cent of their income, but there is a wide range; with the outer London average raised from council tax at around 30 per cent, compared to the inner London average of 20 per cent. For individual boroughs the range is even more marked with, for example, Tower Hamlets raising just 13 per cent while Richmond's figure is 50 per cent.

The GLA uses the precept to fund expenditure over and above Government grants and fare income. Recent steps by Government allow Transport for London to increase prudential borrowing to fund major infrastructural projects. Nevertheless London has one of the lowest tax bases of the major world cities.

Since 1997 the proportion of grant that local authorities must use only for specific purposes designated by the Government has risen from 4.5 per cent to 11.1 per cent, though recent Government pronouncements suggest this will fall back to 9 per cent in 2005-06<sup>1</sup>. Furthermore, there has been a significant growth in unfunded statutory obligations (eg licensing, the implications that flow from the Children's Bill) along with a smaller growth in central funding. This has combined to squeeze out local service provision and force up council tax.

*Is the status quo sustainable or does London need special funding arrangements?*

- Before the 1990 Local Government Act, London's local authorities set their own non-domestic rates; now they are indexed to a national formula. Returning non-domestic rates to local control would strengthen present weak incentives to London's local authorities to support economic and population growth.
- Other means of reducing London councils' dependence on central government grants, and increasing their freedom of manoeuvre, could be developed, for example by exploring the use of sales tax, tourist taxes or a local income tax.
- Finally, mechanisms for securing employers' participation in the funding of major transport infrastructure projects could enable these to be brought forward significantly more quickly than otherwise.

*Do you favour London local authorities being able to raise a greater proportion of their revenue locally and by different methods?*

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<sup>1</sup> These figures do not include spending on Education services

(d) The democratisation of central Government funding schemes

The Government Office for London (GoL) – one of the regional offices of central government that exist throughout England – is responsible for administering 40

spending programmes in London: in 2003-04 these totalled more than £2.5bn.

A large number of community safety, planning, housing and educational initiatives are still delivered by GoL.

The costs of running GoL have grown from some £13.2 million in 2000/01 to £16.7 million in 2003/04, while staffing levels have risen from 240 to 310 over the same periods respectively.

The table shows the main funding streams controlled by GoL. In addition, the Government provides funding for the Learning and Skills Council which distributes about £1.2bn annually in London.

PROGRAMME	ANNUAL FUNDING 2003/04
Greater London Authority transport and other grants -	£1,340 million
Housing Investment Programme resources and the major repairs allowance	£680 million
London Development Agency grants	£340 million
European Structural Funds	£570 million over the lifetime of the 3 programmes ending in 2006
Neighbourhood Renewal Fund	£80 million for 2003/04
New Deal for Communities	£525 million over 10 years
Connexions	£70 million

*Source: Government Office for London*

*Is GoL sufficiently accountable to Londoners? Should funding streams such as these pass directly to the GLA or the London boroughs? Do the functions of GoL add value to the effective provision of London public services?*

(e) Extending joint working between London boroughs

There is already much joint working, generating economies of scale, between London boroughs. An expansion of joint working between local authorities is, however, a strong theme of Sir Peter Gershon's efficiency review<sup>2</sup>. Contracting out of specialist services to one London borough, especially if done by a group of boroughs, should in principle yield economies of scale. So might further contracting-out to private sector providers. There could, on the other hand, be a loss of day-to-day control by those boroughs that contracted

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<sup>2</sup> Sir Peter Gershon's efficiency review of the public sector was published in July 2004

out activities, and loss of expertise in the event of a service contract being terminated.

*Are there examples of where boroughs have found innovative ways to provide cost effective high quality services and which could be replicated elsewhere?*

*Where do you see scope for more collaboration between boroughs in the provision of services?*

*What other ways do you see boroughs better working together to address common problems and what sorts of problems should they be addressing?*

#### (f) The responsibilities of London boroughs and elected councillors

The 32 London boroughs and the City of London Corporation are responsible for a number of important close-to-the-citizen services including education, social services, libraries and local roads. Further statutory responsibilities have been added and there is pressure for councils to deliver government priorities, for example in areas such as police and recycling.

Many other services are provided by Government-sponsored intermediary organisations (eg. Learning and Skills Councils, Primary Health care trusts), and this can weaken democratic accountability to users of local services. For example, the role of local education authorities has changed as managerial responsibilities and funding have shifted directly to schools. The role of the directly elected local politician in the delivery of key services is thus unclear.

Last year, the first NHS foundation hospital trusts were introduced partly to allow local interests to influence a nationally delivered health service. Public participation in the first NHS foundation hospital trust elections in London as a proportion of total local populations, however, has been tiny – very many times lower than in parliamentary or local government elections. In some cases, the number of people taking part in trust elections has been as low as a few hundred.

An alternative approach would be to look for ways to give London boroughs, with their directly elected councillors, a greater role on behalf of local communities in policy making and overseeing the operational delivery of service provider organisations for which there is little or no effective democratic control (eg the health service, areas of economic regeneration, crime and disorder).

*Are directly elected single bodies a workable way of increasing the democratic accountability of local public services? Should new direct responsibilities go to the London boroughs? Should London borough councillors be given wider responsibilities to represent their communities in areas such as the health service and Learning and Skills Councils?*

(g) The effectiveness of partnerships

Over the past decade, there has been tremendous growth in local partnership activity. Partnerships can bring new individuals and organisations into the field of local governance; they can also provide a clearly defined mechanism for focusing attention on specific issues. On the other hand, partnerships can result in policy issues becoming decoupled from the local democratic process. Community and business members of partnerships, lacking the elective mandate of councillors or the managerial responsibilities of local authority officers, sometimes face criticisms that they are unrepresentative. Although nationally there are now far more members of partnership boards than there are elected councillors, important issues of partnerships' accountability to the public remain unresolved. And in the case of complex regeneration schemes such as the Thames Gateway there is growing evidence that the number of partners, each with their own agendas and powers, are a hindrance to effective progress.

*Are there examples of where partnerships are working successfully? Are there examples of where partnerships are failing to deliver? Should they be extended or scrapped? How could they be made more democratic or accountable?*

(h) The responsibilities of the GLA

The GLA was set up in 1999 as a regional strategic authority with an executive Mayor and a 25-member Assembly whose prime function is to hold the Mayor to account and scrutinise his activities. Provision of regional functions is carried out through the GLA Group's functional bodies: Transport for London, the Metropolitan Police Authority, the London Fire and Emergency Planning Authority and the London Development Agency. The matrix below compares the powers and responsibilities of the GLA with the former Greater London Council and London County Council.



	<b>London County Council (1889- 1964)</b>	<b>Greater London Council (1964-1986)</b>	<b>Greater London Authority (2000- )</b>
<b>Skills</b>	✓	✓	✓
<b>Public housing</b>	✓ ✓	✓ ✓	✓
<b>Planning</b>	✓ ✓	✓ ✓	✓ ✓
<b>Transport</b>	✓	✓	(TfL) ✓ ✓
<b>Education</b>	✓ ✓	✓ ✓	
<b>Policing</b>			✓
<b>Finance</b>	✓	✓	✓
<b>Waste management</b>	✓ ✓	✓ ✓	✓
✓ some influence ✓ ✓ significant influence Source: Adapted from <i>London Analytical report</i> , Cabinet Office Strategy Unit, June 2003			

With transport, policing, fire and economic development, the GLA group has control of some activities that are regional in nature. But what difference have the new arrangements made? One possible development would be for the GLA to take responsibility for other services which are regional in nature. Examples of these might include housing investment, waste disposal and arts funding.

If the GLA were to be given responsibility for additional regional services its existing operating model would readily allow for the creation of new functional bodies on which Assembly members, borough, community and business representatives could sit.

*How has the three-way relationship between the boroughs, the Assembly and the Mayor bedded down? How can a strategic Authority best support the development of local choice and local democracy?*

*Should the GLA's responsibilities be extended to other areas and activities which – like its current responsibility for transport – have an impact on London as a whole? If so, what are the priority areas for extending GLA involvement?*

Thank you for considering these issues. Please send your completed comments to Bonnie Jones, Secretariat, City Hall, The Queen's Walk, London SE1 2AA by Friday 27 May 2005. A number of respondents will be invited to give oral evidence to the Commission.

## Annex 1

### Previous inquiries into London governance

This Commission will be the third formal investigation into London governance within the past 50 years.

The 1960 **Herbert Royal Commission** led to the abolition of the London County Council (LCC) and the establishment of the Greater London Council (GLC) and the 32 London boroughs plus the unchanged Corporation of London. Herbert worked from the principle that some local government functions could not be carried out by the then local authorities in Greater London, but equally that “these functions ought to be provided by local authorities.”

The GLC and the new London boroughs replaced a structure that, as well as the LCC and Corporation of London, had included 29 Metropolitan boroughs in inner London, Middlesex county council, boroughs within Essex, Hertfordshire, Kent and Surrey, three county boroughs and 24 urban districts.

The GLC had many characteristics of a strategic regional authority with responsibilities including policy direction of the Greater London Development Plan, waste disposal, traffic management, main roads and strategic housing schemes. The concept of a strategic authority was, however, new at the time and, as the **Marshall Report** was to observe when reviewing the workings of the GLC in 1978, this gave rise to difficulties.

Marshall found that the GLC had failed to make its role understood in London, suggesting that “the reason may well lie in the fact that it has found it too hard to identify the job it is supposed to do.” The boroughs were found to be “diligent in their concerns for the well being of their own localities,” but left Marshall “disappointed that more of them do not take account of the legitimate interests of the wider community beyond their boundaries.”

Marshall recommended a re-balancing of activity between the GLC and the boroughs, with the former taking a more strategic approach. He defined strategy as: “The setting of broad objectives in the wider public interest for the welfare of the metropolitan community, coupled with the oversight of policies and the overall control of resources necessary to achieve them.” None of the specific proposals of the Marshall report was implemented. These included bringing the National Health Service within the democratic control of the GLC, and setting up neighbourhood councils if there was public pressure for them.

There was no formal review of London governance on the lines of the Herbert or Marshall inquiries prior to the abolition of the GLC in 1986, or the legislation in 1999 setting up the GLA.

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### Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

### Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

### Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız

### Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

### Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

### Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

### Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

### Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

### Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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## **London Assembly**

The London Assembly is the scrutiny arm of the Greater London Authority (GLA). Its 25 Members hold the Mayor to account. Assembly Members scrutinise his £9.6 billion spending plans and examine how he is fulfilling his wide-ranging responsibilities towards services in London, such as transport, policing and economic development. Empowered by statute to carry out scrutinies – akin to House of Commons Select Committees – the London Assembly also raises issues of importance to Londoners. Assembly Members test those in charge of public, private and voluntary sector agencies, highlighting any failures and proposing solutions that will improve the lives of Londoners.

## **Association of London Government**

The Association of London Government (ALG) is a voluntary umbrella organisation for the 32 London boroughs and the Corporation of London. It is committed to fighting for more resources for London and getting the best possible deal for London's 33 councils. Part think-tank and part lobbying organisation, it also runs a range of services designed to make life better for Londoners. It lobbies for more resources and the best deal for the capital, taking a lead in the debate on key issues affecting the capital. Most important, the ALG provides the London boroughs with a single, powerful voice in negotiations with the Government and other organisations in London.

**LONDON**ASSEMBLY

