

Rt Hon Eric Pickles MP

Secretary of State
Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU

23 July 2010

Dear Secretary of State

Further devolution to London

We are writing to you to propose a devolution package for London. We trust that this will assist CLG in taking forward a programme of further devolution to London.

We have reached broad agreement in several key areas. There are some specific issues that will require further discussion, particularly in relation to areas where there have been recent government announcements.

The agreed proposals will, overall, result in significant savings for the taxpayer through streamlined and more efficient government structures. Within that context, the transfer and addition of functions and responsibilities must be accompanied by a sufficient and appropriate transfer of resources for all three signatories to this letter.

To summarise:

- There is broad agreement between the three bodies on most of the proposals that have emerged in discussion and these areas are highlighted in Appendix 1. Appendix 2 outlines areas where there remains disagreement, and Appendix 3 covers those areas where further discussion will be necessary to achieve jointly agreed proposals.
- The priorities for the Mayor are the transfer of Homes and Communities Agency London and London Development Agency functions and resources to the Greater London Authority and the establishment of the Olympic Park Legacy Company as a Mayoral Development Corporation.
- The priorities for London Councils are to bring resources and decisions as close to Londoners as possible. This will be reinforced by greater borough representation on pan-London bodies.
- The priority for the Assembly is to see that robust transparency and accountability arrangements are embedded in any devolution package. The Assembly's powers should be strengthened, particularly in relation to the Mayor's strategies and budget.

We look forward to your response.

Yours,

Boris Johnson
Mayor of London

Mayor Jules Pipe
Chair, London Councils

Dee Doocey AM
Chair, London Assembly

APPENDIX 1 – Agreed proposals

Housing and regeneration

The Homes and Communities Agency (HCA) in London should be devolved to the GLA as part of a new Housing and Regeneration department. There should be a separate component budget for the HCA within the GLA group budget.

There should be a decision-making board comprising the Mayor, three borough representatives and three Mayoral appointees.

There should be a single funding pot, with decision-making over the allocation of funding devolved to boroughs on the basis of Devolved Delivery Agreements – i.e. where their plans are in general conformity with the Mayor's Strategic Plan and where they have agreed a broad set of outcomes from the resources available.

This reflects the decisions of the Homes and Communities Agency London Board on 21 July 2010 on devolved delivery and future governance, which we endorse as part of this agreement. Any transitional arrangements put in place will reflect this.

The Mayor agrees with this proposal.

London Councils agrees with this proposal.

The London Assembly agrees with this proposal.

The London Development Agency (LDA)

The LDA's functions should be folded into the GLA, with the LDA ceasing to exist.

The Mayor would support boroughs' ability to organise into Local Enterprise Partnerships and bid for any available government funding.

The Mayor agrees with this proposal.

London Councils would agree with this proposal if relevant funds for employment and business support were devolved to boroughs using the LEP model that is being applied across England. As with double devolution of housing investment funds, boroughs should be required to use this funding to commission services locally but consistent with a strategy set by groups of boroughs working together. The foundations for partnerships already exist across London in organisations including the Host Boroughs, the South London Partnership, the West London Alliance, Central London Forward and the North London Strategic Alliance.

Further discussion will need to take place on devolution of the LDA's employment and skills programmes and funding – see Appendix 3.

The London Assembly agrees with this proposal, but there will need to be a transparent and open discussion about what functions and programmes of the LDA will continue, and how the 'folding in' of the LDA's functions will work in practice – see Appendix 3.

Thames Gateway Development Corporation

The London Thames Gateway Development Corporation should expire at the end of its current life (two years), and powers should be returned to the boroughs.

The Mayor agrees with this proposal.

London Councils agrees with this proposal.

The London Assembly agrees with this proposal.

Royal Parks Agency

Responsibility and funding for the Royal Parks Agency should be devolved from Whitehall to the GLA with a board comprising a chair appointed by the Mayor, three borough representatives and three Mayoral appointees.

The Mayor agrees with this proposal.

London Councils would ideally prefer full devolution to local authorities, but recognises that this proposal is an important improvement on the initial proposal made by the Mayor, which did not include provision for borough representation on the board.

The London Assembly agrees with this proposal.

Rail Franchises

The Mayor and Secretary of State should jointly award the rail franchises for London suburban rail lines, and the Mayor should have a formal monitoring role, noting that this should be done such that it does not trigger financial obligations for London boroughs.

The Mayor agrees with this proposal.

London Councils agrees with this proposal.

The London Assembly agrees with this proposal.

Port of London Authority

The Port of London Authority should be devolved to the GLA group. The Mayor should appoint the Port of London Authority board, with Kent and Essex given a right of representation. Under any new arrangements, there will be representation of the Assembly and London boroughs.

The Mayor agrees with this proposal.

London Councils agrees with this proposal.

The London Assembly agrees with this proposal.

Traffic control

Specialist door-to-door transport services (including Taxicard, Dial-a-Ride social services transport and NHS patient transport services) should be integrated in order to increase efficiency and improve quality of provision.

There should be a right for the Mayor and boroughs acting jointly to set a targeted lane rental charges system for London road works by utility companies.

The Mayor agrees with these proposals.

London Councils agrees with these proposals.

The London Assembly agrees with these proposals.

Policing and resilience

The functions of the Metropolitan Police Authority should be divided between the Mayor and Assembly, with the Assembly scrutinising the MPS. The secretariat function for the new board should be provided from within the GLA.

The new police board would include elected representatives, including London Assembly and local authority Members.

The Assembly should have the power to summons persons and papers from the MPS.

Borough influence over commissioning of local neighbourhood policing should be enshrined in legislation.

The GLA should take on the resilience functions of the Government Office for London.

The Mayor agrees with these proposals.

London Councils agrees with these proposals.

The London Assembly agrees with these proposals.

Statutory strategies

The Mayor should have discretion not to produce strategies that do not have associated implementation powers or resources.

The double consultation process should be replaced by a single consultation period.

The Assembly should have the power to reject Mayoral strategies by a two-thirds majority vote.

The Mayor agrees with these proposals.

London Councils agrees with these proposals.

The London Assembly agrees with these proposals.

Changes to Section 31 of the Greater London Authority Act

Section 31 of the GLA Act 1999 should be amended to remove prohibitions that would prevent the GLA undertaking the functions agreed elsewhere in this document.

The Mayor agrees with this proposal.

London Councils agrees with this proposal.

The London Assembly agrees with this proposal.

Financial flexibility

Government funding for the expanded GLA should not be ringfenced other than for broad areas of policy such as housing and regeneration, transport, skills etc.

The Mayor agrees with this proposal.

London Councils agrees with this proposal.

The Assembly agrees with this proposal; however any additional flexibility for the Mayor should be balanced by appropriate checks and balances (see Appendix 2).

London Waste and Recycling Board

The Government should look at options for strengthening the role of the Board in delivering efficient and effective waste management for London without legislative changes.

The Mayor agrees with this proposal.

London Councils agrees that the role of the Board should be reviewed and strengthened so that the role of London waste authorities in directing the Board's strategy is strengthened, including greater borough and Joint Waste Disposal Authority membership of the Board.

The London Assembly would support a further enhancement to the strategic responsibilities of the London Waste and Recycling Board, such as those relating to contract negotiations. However some responsibilities, such as domestic refuse collection, are clearly more appropriately delivered by local authorities.

Energy and climate change

Consideration should be given to mechanisms that can drive a more efficient, co-ordinated approach to the delivery of climate change and alternative energy programmes in London.

Pan-London action to address climate change should be made more transparent and accountable to Londoners with governance reflecting the joint work of the Mayor and London boroughs.

Management of utility company climate change obligations should be devolved to the Mayor and London boroughs to facilitate more cost-effective approaches to CO2 reduction across London.

The Mayor agrees with these proposals.

London Councils agrees with these proposals.

The London Assembly agrees with these proposals.

GLA group transparency and accountability

There should be a consistent degree of transparency across the functional bodies and other bodies chaired by the Mayor or his appointees: they should be required to publish agenda papers and minutes, meet in public, and publish details of budgets, expenditure and performance.

There should be a common standards regime across the GLA group, noting that this will have to be developed in the light of national changes in standards arrangements.

All boards should include elected representatives.

Any new or reformed strategic London-wide bodies under Mayoral control should be brought within the GLA group.

The Assembly's powers to summons persons and information should be widened to include all organisations and individuals inside the GLA group, and relevant bodies outside the GLA group.

The power to create and delete posts in the Authority should be transferred to the Mayor and Assembly within their respective component budgets. The requirement to consult on decisions should remain in place in order to maintain the current level of transparency. The three statutory officers should continue to be jointly appointed. To guard against the politicisation of staff, the Head of Paid Service should retain the responsibility to appoint staff.

The Mayor agrees with these proposals.

London Councils agrees with these proposals.

The London Assembly agrees with these proposals. The Assembly also proposes that the Mayor should be required to publish a forward plan of key decisions and that its powers to amend the Mayor's budget proposals by a two-thirds majority should be extended to include capital expenditure (see Appendix 2).

London TravelWatch

The GLA Act should be amended to enable Assembly Members to sit on the board of London TravelWatch.

The Mayor agrees with this proposal.

London Councils agrees with this proposal.

The London Assembly agrees with this proposal.

Planning and public spaces

Mayoral planning decisions on waste facilities should be made with regard to the advice of the London Waste and Recycling Board.

Regulations and guidance on licensing of public places should be rewritten to permit London boroughs to define classes of public place: so separating lap dancing clubs, betting shops from pubs and cafes; permitting boundaries on the extent and scale of late night drinking; and devolving the setting of license fees and management of their enforcement to London boroughs.

The Mayor agrees with this proposal, noting that the classifications would need to fit in with the London Plan and the national PPGs and PPSs.

London Councils agrees with these proposals.

The London Assembly agrees with these proposals.

Double devolution of Government Office for London (GOL) functions

Resources should be transferred from GOL children and learners' team to London Councils' pan-London safeguarding team.

Resources should be transferred from GOL community safety team resources to support the London Crime Reduction Board.

The Mayor agrees with these proposals.

London Councils agrees with these proposals.

The London Assembly agrees with these proposals.

APPENDIX 2 – PROPOSALS THAT HAVE BEEN MADE WHICH ARE NOT AGREED

Olympic Park Legacy

The Mayor proposes that the Olympic Park Legacy Company (OPLC) should be reconstituted as a Mayoral Development Corporation (MDC). Its remit would be mostly in Newham and Hackney and would also cover small parts of Waltham Forest and Tower Hamlets. The board would include borough representation. The Mayor argues that the MDC must have planning powers in order to attract investor interest.

London Councils proposes that if an MDC is created then the Mayor should exercise his powers jointly with the boroughs with appropriate representation at board and development control committee level. Boroughs are hopeful that further discussions on these points can move closer to an agreed resolution. Boroughs wish to retain planning powers and the MDC should only cover the current OPLC area.

The London Assembly supports devolution to London, but not extraction of powers from boroughs. We consider that the OPLC has the right skill sets to carry out the necessary work and this must be retained, although we recognise that this proposal would change its name and potentially its powers and remit. Consideration should be given to an urban regeneration company rather than a Mayoral Development Corporation in order to retain the local / strategic split in planning powers. The geographical remit of any body with planning or development control powers must be carefully drawn so that it covers only relevant areas. Otherwise it could have unintended consequences of slowing down and removing or hindering local democratic oversight of development in other nearby areas.

Planning thresholds

London Councils has proposed that the thresholds for Mayoral involvement in planning decisions should be reviewed. London Councils proposes that:

- Specific borough targets in the London Plan should be replaced by pan-London targets and indicative levels of provision by individual boroughs. Boroughs would be required to meet these levels unless they could demonstrate that they were, or have become, unreasonable.
- Thresholds for referral of plans to the Mayor should be relaxed so that:
 - To increase the threshold for Category 1A (large scale development - residential) from 150 houses, flats, or houses and flats (previously 500 under the 2000 Order) to 1000; reflecting Coalition government aspirations.
 - Thresholds for floorspace areas of developments that are not wholly housing outside the City of London should be raised to that for the City of London. This is consistent with Coalition government policy and economic demand is the lever that will close off any risk of grandiose development across London.
 - Category 1C thresholds for heights of buildings should be raised to 60 metres.
 - The catch all approach to riversides should be removed by deletion of Category 1C(1.a) 25 metre height restrictions and 1C(2) definitions of riverside. Instead the Mayor should consider where viewing corridors should be designated on specific stretches of riverside.
 - To specify the height and floorspace thresholds in terms of a net increase rather than the gross height or size, so that replacement buildings which may in fact involve a decrease in height are no longer referable.
 - To agree to the review of the categories in parts 2, 3 and 4 of the Order to ensure that the Mayor only sees applications which are genuinely strategic.

- To remove the Mayor's power under section 7 of the 2008 Order to takeover planning applications by becoming the local planning authority.

The Mayor believes that London Councils' proposals would amount to the abolition of the Mayor's key strategic planning role and therefore wishes the status quo to remain.

Forward Plan of key decisions

The London Assembly has proposed that the Mayor should be required to produce a forward plan of key decisions. The Assembly has further proposed that it should have the power to call in key Mayoral decisions before they take effect. **The Mayor** does not agree with these proposals as it is not appropriate for the mayoral model of city government.

Assembly powers to amend the Mayor's capital spending budget

The London Assembly has proposed that its budget amendment powers should be extended to include the Mayor's capital spending plan; prudential borrowing limits; and grants and transfers between components of the GLA group budget. **The Mayor** does not agree with this proposal, on the grounds that it could be bureaucratic, given that the Assembly already has the power to amend component budgets which include the financial consequences of capital investment and borrowing decisions. The proposals would not therefore add value.

APPENDIX 3 – ISSUES THAT REQUIRE FURTHER DISCUSSION

Double devolution of employment and skills

There has been discussion about the Mayor and London Councils' proposals on how learning and skills should be managed. These discussions will need to continue in the context of national developments.

The Mayor supports in principle moving to a demand-led system for skills training in London, noting that Government is still formulating policy in this area. Both the Mayor and the boroughs should play a role in ensuring the system works effectively both for individuals and employers and in particular ensuring that low-skilled and disadvantaged Londoners are able to get the right help to improve their skills. In particular the Mayor proposes that:

- He has strengthened powers to approve the allocation of the London adult skills budget and the ability in consultation with the boroughs to set a London Funding Tariff (the unit costs of skills provision) to shape the development of an emerging skills market
- There is a change to statute to fold the requirement to produce a Skills and Employment strategy into the Economic Development Strategy ensuring that Skills and Employment are a clear part of the Mayor's statutory duty
- The London Skills and Employment Board to have a continuing role in ensuring employer engagement, and the boroughs to be represented on the Board.
- The Mayor, London employers and the boroughs should be actively engaged in the design, delivery and commissioning of the Department of Work and Pensions' Single Work Programme for Welfare to Work.

Further discussions will take place to seek an agreement on these issues.

LDA programmes and resources

London Councils has outstanding concerns about how the LDA's skills and employment resources and programmes will be re-allocated. London Councils considers that these programmes should be devolved directly to boroughs and proposes government should consider when developing its plans:

- The London component of SFA funds should be devolved to boroughs.
- London boroughs will plan and directly commission adult skills provision for their area building on the arrangements for 14-19 learning provision. This will be informed by intelligence on the needs of local employers and aspirations of local communities;
- The Regional Planning Group (RPG) for 14-19 provision will also cover adult skills provision in London. It will support and co-ordinate adult skills commissioning at a borough and inter-borough level and commission provision at a pan-London level. It will develop a regional commissioning plan, agreed by Leaders' Committee of London Councils.
 - The plan will be developed in consultation with the LSEB and be in general conformity with the strategy of the LSEB.
- Devolution of the SFA London budget to boroughs will be dependent on a statement by the LSEB that the regional commissioning plan for London is in general conformity with LSEB strategy.
- The LSEB will develop a regional statement of priorities to inform local commissioning priorities and also will provide regional forecasting of skill requirements.

- London borough representation on the LSEB will be enhanced to at least three full members (including the chair of the re-constituted RPG), but remain an employer-led board chaired by the Mayor.

The London Assembly wishes there to be a transparent discussion about the re-allocation of the LDA's existing programmes and resources.

Traffic control

The Mayor has proposed that there should be increased flexibility over traffic control on Transport for London (TfL) roads. The key problem is that decisions on signage and issues such as cyclists turning left have to be referred to central government. This could be achieved through a more open and liberal approach to experimental signs etc by the Department for Transport, without legislative change. The Mayor would agree to local checks and balances in the event of decision-making powers being devolved to the GLA.

London Councils has proposed that parking management and enforcement, bus stops and routes on TfL roads, should be devolved to boroughs. This would help boroughs to take a coherent, overall view of planning for town centres, including alignment on car parking charges.

It has been agreed that further discussions will take place about Transport for London's ways of working with the boroughs, to see whether arrangements can be put in place to address the concerns of boroughs without compromising the important strategic network management capability.

London Ambulance Service

The London Assembly has proposed that in the long term the London Ambulance should be brought within the GLA group along with the other blue-light services in London. **London Councils** would not agree to this proposal without further discussions with the Service and with the NHS. Further discussions will take place. The Mayor is not opposed in principle but would not want to undermine the NHS's current ways of working in London.

Public Health

Further discussions will be required on health in the light of the recent White Paper. No specific proposals have therefore been agreed at this stage. However, **London Councils** believes funding should be devolved to the boroughs as proposed in the White Paper and any pan-London provision should be agreed by boroughs and governed jointly with the Mayor. **The Mayor** believes that he should retain a strategic role in public health and control pan-London public health funding. **The Assembly** has proposed that some of the strategic functions of the London Strategic Health Authority should be transferred to the GLA. There will be further discussions on these issues in the context of the Coalition Government recent White Paper.

Metropolitan Police Authority (MPA)

Further discussions will take place about the details of how the functions of the MPA should be revamped and how any new board will work. This will include: arrangements for appointments and professional standards and the composition and precise functions of the board.