LONDONASSEMBLY Budget and Performance Committee

Pre-Budget Report 2015

December 2015

Budget and Performance Committee Members

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Stephen Knight (Deputy Chair)	Liberal Democrat
Gareth Bacon	Conservative
Jenny Jones	Green
Joanne McCartney	Labour
Valerie Shawcross CBE	Labour
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About 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. The Committee takes into account in its investigations the cross cutting themes of: the health of persons in Greater London; the achievement of sustainable development in the United Kingdom; and the promotion of opportunity.

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Chairman's foreword

The London Mayor spends £17 billion on our tubes and buses, on police, and on building new homes. This money must be spent effectively if it is going to support those living and working in London. My Committee, the Budget and Performance Committee, scrutinises the Mayor's spending across all his policy areas.

2016 promises to be a big year – for the Assembly, the GLA and for London as a whole. 2016 will see the election of a new Mayor. For the first time, the current Mayor will not be contesting the position. This means that Mayor Johnson will set the GLA budget for the majority of his successor's first year in power. We have questioned the level of flexibility, if any, that he is providing for his successor, and what this will mean for the spending pledges that the Mayoral candidates will make to Londoners in the coming months. In particular, whilst his final Council Tax cut satisfies a manifesto commitment, it reduces financial flexibility for the next Mayor.

Every penny from taxes, Transport for London's (TfL) fares and other sources must be spent wisely. The London Assembly's scrutiny of the Mayor's Budget is vital in ensuring that the Mayor delivers on time. The big news from the Chancellor's Autumn Statement was that police funding will be frozen, rather than cut, as some had expected. But the Met still has significant challenges ahead as it makes the savings that still need to be found. London's housing crisis grows, and regeneration is even more crucial to unlock future areas of growth. TfL, such a vital tool for the Mayor in driving London's economy, has seen its funding from Government cut, and will have to find ways to fill this hole with minimal impact on its investment programme or its service to passengers.

This year's Budget is somewhat surreal because it is a parting gift, or, on examination, power without the responsibility of its consequences, depending on one's perspective. The real challenge will be taken up by whoever becomes the third London Mayor. It will be a challenging inheritance. And finally, as the dust settles after the departure of the current Mayor, his legacy will become clearer - including his legacy of investment and financial management. As such, this and the previous seven budgets will help us to judge how London has met its challenges, pursued its leadership role and developed the role of City Government under Boris Johnson.

In closing, I note that I will step down in 2016 as an Assembly Member and Chair of the Budget and Performance Committee. May I thank all those who have worked with me and supported me over the past few years.

John Biggs AM, Chairman of the Budget and Performance Committee

Executive Summary

The 2016-17 budget is this Mayor's last budget. He will oversee its implementation for just over one month before the new Mayor takes office in May 2016. Yet decisions made as part of the current budget-setting process for 2016-17 will have implications for the GLA, its functional bodies, and Londoners, in the years to come.

At the end of November 2015, the Chancellor announced the outcome of the Spending Review, providing some indications about funding at the national level. However, the practical implications of his announcement have not yet emerged for London, which means that there are elements of uncertainty regarding the budgets for the GLA and its functional bodies. This, in turn, presents a complicating factor for our scrutiny of the Mayor's budget proposals.

What we do know is that the New Year will bring challenges for the Mayor. For example, he will want to develop a plan to manage fluctuations in business rates and council tax income, and to address the skills deficit we have observed in the Met and TfL. Both the police and fire brigade will need to make savings. The Chancellor has announced that the planned cuts to policing budgets will not be made this year, but the Met will still have to make savings to deal with its own cost pressures. And, even though the Mayor has said he will maintain the London Fire and Emergency Planning Authority's funding, it still needs to find a way to address its existing funding gap, either by decommissioning appliances or changing crewing arrangements.

Transport for London also has a significant challenge ahead, having learned that its revenue grant will be cut to zero sooner than it had expected. To address this loss, it will need to generate more commercial income, and/or achieve further operational savings. And perhaps most crucially, it must avoid further mismanagement of the Sub-Surface Upgrade Programme, which is now five years delayed and running at a cost of over £1 billion more than expected.

Finally, there are additional challenges which should be addressed in the Mayor's last budget, such as his plans to tackle London's housing crisis. We note that there is some unallocated funding in the draft GLA budget for the new Mayor, but we expect the final budget to provide clarity on funding for the core GLA's key programmes, particularly around supporting apprenticeships, and funding for regeneration programmes. There are particular risks attached to the Mayor's two development corporations, the London Legacy Development Corporation and the Old

Oak and Park Royal Development Corporation. Although the GLA has the cash now to support their work, the next Mayor may have less flexibility. We wait to see how the Mayor responds to these challenges in his final budget for London.

1. Introduction

Key issues

This is the current Mayor's last budget, and the first time a London Mayor will set a budget knowing that a different Mayor will be in office to oversee it in full. The draft GLA budget gives some flexibility for the new Mayor, but it not yet known whether such flexibility will exist in the functional bodies' budgets. We also do not know the full implications of the Spending Review. Together these factors combine to create additional complexity for the Assembly as it scrutinises the Mayor's budget proposals this year.

The next few years may bring opportunities for the new Mayor, if, for example, the Government fully devolves business rates, but the GLA needs to start preparing now for managing fluctuations in both business rates and council tax. The next year will also bring challenges. For example, we have observed skills deficits in commercial expertise and decision-making in the Met and TfL which the new Mayor would be advised to address.

Context

1.1 The 2016-17 budget is the eighth budget that this Mayor will set, but the only one that he will not be in office to oversee in full. With a new Mayor taking office in May 2016, decisions that the current Mayor takes over the next few months will have implications in the years to come. The Mayor's Chief of Staff described the draft GLA budget for 2016-17 as "very much a transitional budget from one mayoralty to the next."

1.2 Some steps have been taken to allow the new Mayor to implement some of their own plans. For example, the draft GLA budget sets aside £19 million of uncommitted funding for the new Mayor across 2017-18 and 2018-19. And we understand that any new contracts awarded in this Mayoral term will have break clauses to provide the new Mayor with flexibility to reconsider the previous administration's projects. The Mayor's Final Budget should provide clarity on what, if any, financial flexibility there will be within the budgets of the functional bodies for the next Mayor.

1.3 In previous Pre-Budget Reports we have raised concerns about the GLA's ability to deliver the Mayor's Climate Change Mitigation and Energy

Strategy. Figures published recently by the Environment Committee bear these concerns out, showing that targets for emissions reductions from homes and workplaces have not been met. They also show that the RE:NEW programme to retrofit homes has reached fewer than half the homes aimed for by 2015, and only delivered five per cent of its loft or cavity wall installation target.[1] The Final Budget should identify the gap between the Mayor's targets and delivery so the next Mayor can consider using unallocated funding to achieve the targets. It should also clearly set out what flexibility there is in the functional bodies' 2016-17 budgets to help meet these targets.

The impact of the Spending Review on budget scrutiny

1.4 The time available for the Assembly's scrutiny of the Mayor's budget is limited every year, and this November's Spending Review (SR) has brought an extra layer of complexity and uncertainty. The functional bodies have had little time to consider the implications of the SR within their own plans, and therefore their planning assumptions are likely to change over the weeks that follow. The Mayor's draft budget is likely to look somewhat different from the November submissions.

1.5 Over the next few weeks more detail will emerge about budgets for the GLA Group. The Mayor's Supplementary Budget Guidance requires the GLA Group to provide their initial views on the impact of the SR by 12 January 2016 and final views by 8 February 2016. To allow us to properly scrutinise the Mayor's draft budget, all the functional bodies must be prepared to discuss the impact of the SR on their plans at our Committee meetings in January.

Devolution of business rates

1.6 The Government's proposal to fully devolve business rates to local government may provide opportunities for the GLA, but it also presents significant risks. In 2014-15, for example, projections for income from retained business rates for the year went from a £40 million surplus in January to a £38 million deficit by September.[2] To date, the GLA has used the Mayor's Resilience Reserve to manage fluctuations in business rates and council tax income. In his Supplementary Budget Guidance, however, he announced that he was clawing back £75 million of business rates

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[1] London Assembly. *Cutting carbon in London - 2015 Update*. 30 November 2015.
[2] In November 2015, the GLA explained that this volatility was primarily caused by the Government's decision to set a March 2015 deadline for backdated appeals from businesses that thought their rateable value was incorrect. This led to a spike in appeals towards the end of 2014-15, and consequently, an increase in billing authorities' provisions for appeals. The GLA's share of these provisions effectively reduced its retained income from business rates for 2014-15.

income from TfL in the final months of the 2015-16 financial year. This allows the Mayor to spare the other parts of the GLA Group from the deficit in retained business rates that is currently estimated at £118 million.[3]

1.7 In November, the GLA's Executive Director of Resources told us that "at this stage, we do not have a strategy for increasing [the Mayor's Resilience Reserve]." He also noted that the Supplementary Budget Guidance requires the functional bodies to provide detail on their cash balances and reserves, which suggests the GLA is beginning to consider further ways it can manage the risk from volatility in business rates. The GLA should draw up a plan now for how it intends to manage volatility in business rates, such as building up the Mayor's Resilience Reserve, in the event of further devolution of business rates income.

1.8 TfL's level of exposure to business rates fluctuation presents it with particular challenges, and this will increase over the coming years. The Government announced in the SR that TfL's revenue grant (over £600 million in 2015-16) would be cut to zero in 2018-19, making TfL even more dependent on its business rates income. At present, TfL receives about 85 per cent of the GLA Group's retained business rates but relies on the GLA to manage business rates fluctuation centrally. TfL might have to set up its own resilience reserve to manage this risk. It may already have done so; unlike other functional bodies, TfL does not publish a breakdown of its £1.7 billion of earmarked reserves in its accounts and quarterly reports.

Council tax

1.9 In 2014-15 the GLA's revenue from council tax exceeded forecasts by £50 million. This is because the tax base (the number of households paying council tax in London) continues to outgrow expectations. It is also because collection rates among those that previously received council tax benefit, but are now liable for a greater proportion of their tax bill, have been higher than originally expected. As revised council tax forecasts are only produced late in the budget process it is difficult to assess how this revenue will be spent. We would welcome clarity from the Mayor about how he intends to use a collection fund surplus, should one emerge this year.

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[3] The Mayor's Supplementary Budget Guidance for 2016-17. 20 October 2015. The guidance notes that at 31 March 2015 the GLA's estimated deficit on the business rates retention scheme was around £118 million.

1.10 Even though the GLA received higher than expected revenue this year from council tax, the Mayor's planned reduction to the council tax precept in 2016-17 will have implications on the GLA's revenue in future years. To fulfil his manifesto commitments to cut his share of council tax by 10 per cent over this Mayoral term and to guarantee a cut every year, the Mayor intends to reduce Band D council tax by £19 in 2016-17. This is a significant reduction, as in the last three years the annual cut has not exceeded £4. The GLA expects the reduction in the Band D council tax precept from £295 to £276 to cost around £52 million each year in lost income.[4] Assuming the next Mayor increased the council tax precept by 1.99 per cent each year – i.e. the maximum increase that would not trigger a referendum – it would take until 2020-21 to return the GLA's council tax precept to the 2015-16 level in cash terms.

Commercial expertise and decision making

1.11 Our work over the last year has identified a skills deficit in the GLA Group with regards to commercial expertise and decision making. In particular, our scrutiny of the Met and TfL has indicated that they are lacking in experienced staff to deliver their commercial programmes. The new Mayor should consider whether the GLA Group has the right commercial and decision-making skills that are necessary to support the delivery of ongoing and future projects.

The Met

1.12 The Met lacks the capacity and capability to deliver its commercial and technology strategies successfully. Our 2015 report, *To Protect and Save*, identified a lack of commercial skills necessary to manage contracts, and our 2013 report, *Smart Policing*, concluded the Met had a poor record of investing in technology. The Met's auditors have reported that business cases for investment in new technology continue to lack detail to track costs and benefits, and a 2014 PricewaterhouseCoopers (PwC) review found there is lack of clarity in the Met's technology strategy leading to conflicting decisions and competing priorities.[5]

1.13 Worryingly, problems with implementing the Met's technology strategy appear to be continuing. In the last year, PwC has supported the Met to deliver "Project Cull", which has led the Met to stop 20 of 146 live technology projects and take corrective action with 17 others. This suggests that, since our report, the Met continues to struggle to get to

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[4] The Greater London Authority Consolidated Budget and Component Budgets for 2015-16. March 2015. Page 4.

[5] Managing the Response to the PWC Surge Report, MOPAC/MPS Audit Panel, 29 September 2014.

grips with what technology it needs. And this issue may not be helped by plans to reduce the number of staff working in the Met's Digital Policing programme further – from 800 to 100. The Met's auditors warn there are risks associated with the planned reduction in headcount and "the Met's ability to recruit and retain staff with the appropriate skills and experience while maintaining a very ambitious delivery schedule".[6]

1.14 While we welcome interventions to restructure failing projects, the Met continues to initiate new projects in the absence of any clear strategy. For example, Project Cull itself began before the Met's operating model for 2020 (OMM 2020) was finalised, and the Met's Management Board is approving the new information and communications technology (ICT) structure in advance of completing the OMM 2020 business case. And a seven-year contract has been signed for £60 million of new ICT, although the Met is yet to fully identify its ICT requirements. All of this is happening at the same time as major reductions in the headcount and the revenue budget for digital policing (from 800 staff and £177 million budget in 2014-15 to 100 staff and £65 million budget in 2019-20). We are concerned that the Met's lack of capacity and commercial skills will hamper its ability to manage these projects.

TfL

1.15 We continue to be concerned over the quality of some of TfL's business cases and the lack of information justifying the TfL Board's investment decisions. TfL's Independent Investment Programme Advisory Group (IIPAG) has raised concerns on several occasions about the lack of commercial culture at TfL. In September, we examined the investment decisions to purchase New Routemaster Buses (NRM), and found that the business case did not provide sufficient information to justify investment. It is the duty of TfL Board Members to question whether such new projects represent the best use of limited resources. Given the poor benefit:cost ratios for the NRM, we would have expected a far more detailed justification for the project either as part of the business case or included in the associated Board papers. Without this, the public is left to conclude there was not a strong, objective case for investing around £300 million in the NRM. We also continue to question whether there was a strong enough case to construct the Emirates Air Line, which is operating at just 16 per cent capacity (1.5 million passengers in 2014-15 against a 9.4 million capacity).

[6] Audit Findings Report 2014-15, Grant Thornton, July 2015.

Recommendation 1

The Mayor's Final Budget should include a paragraph for each functional body explaining what, if any, financial flexibility there will be for the next Mayor in 2016-17.

Recommendation 2

The GLA and its functional bodies should come to the January Budget and Performance Committee meetings prepared to give Members an overview of their tentative plans for managing the impact of the Spending Review and funding settlements.

Recommendation 3

As other functional bodies already do, TfL should publish a breakdown of its £1.7 billion of earmarked reserves and report movements in future quarterly reports and budgets.

Recommendation 4

In his budget, the Mayor should identify priority areas that might receive funding should income from council tax and business rates be higher than expected.

Recommendation 5

The Met should, in its revised technology strategy to be published in January 2016, clearly explain where future savings will come from, including sufficient detail to confirm that its Digital Policing programme is on track.

2. Police and fire

Key issues

MOPAC and the Met have reduced some costs over the current Police and Crime Plan period, but the savings have not always been those that were planned. Some resulted from failing to meet organisational objectives, such as maintaining 32,000 police officers. Following the Chancellor's decision to protect police spending over the Spending Review period, the Met's financial position looks less gloomy than it did a month ago. Nevertheless, the Met still needs to find savings to meet new cost pressures. And it still has a long way to go to implement existing strategies and develop a new operating model for what it should look like in 2020. This will require a sustained effort to manage change effectively.

LFEPA, and the new governance structure which may replace it, has a challenge ahead to operate a "world class fire and rescue service".[7] Although the Mayor has made a commitment to maintain LFEPA's overall funding for 2016-17, further cuts may be required as the full implications of the Spending Review become clearer. Even if its funding is maintained, LFEPA will need to find significant savings to address its budget gap of £13.2 million. The Mayor has suggested that to help address this shortfall, the Fire Brigade could decommission 13 of its fire appliances. This option was supported by the London Fire Commissioner, but LFEPA's preferred option is to find the savings through changes to crewing arrangements and not decommission any appliances.

The Met's savings plans

2.1 Over the current Police and Crime Plan period, the Met planned to deliver savings of £573 million by 2016. At the end of 2015, the Met is broadly on track but the areas in which savings have been achieved differ somewhat from the plan. Originally, the Met intended to save £100 million on technology costs and £60 million on estates costs by March 2016.[8] While transformation programmes have been delayed and

[7] The Mayor's Budget Guidance for 2016-17. 28 July 2015. Page 1.
[8] The Mayor of London. *Police and Crime Plan 2013-2016*. Page 70.

their corresponding savings have not been realised in full,[9] the Met has relied on achieving some short-term, non-recurrent savings. For example, it saved £21 million from having fewer officers than planned in 2014-15, something we also observed in the two previous years.[10] But if the Met is to deliver the savings set out in the Police and Crime Plan it cannot continue to rely on non-recurrent savings, as they do not represent a true reduction in ongoing costs. And some savings, such as underspending on officer numbers, have come at the expense of strategic objectives, such as maintaining 32,000 police officers.

2.2 While the Met's ability to make the necessary savings appears impressive, we continue to have concerns over *how* it is doing so. The Met needs to secure genuine recurring cost savings, and not rely on underspending on officer numbers. Worryingly, MOPAC financial reports to the Assembly so far in 2015-16 no longer report comparisons of actual versus planned savings as they did in 2014-15.

The Met's performance

2.3 The Met is unlikely to meet both of its key performance targets in the Police and Crime Plan. First, MOPAC challenged the Met to increase public confidence in the police by 20 per cent, but confidence levels are unchanged from the March 2012 baseline.[11] Second, MOPAC challenged the Met to reduce seven high-volume, victim-based crimes – known as the MOPAC 7 – by 20 per cent. Although it previously looked like this target would be met, a recent change in crime trends means this might not now be achieved: in the 12 months to September 2015, MOPAC 7 crimes were 18.7 per cent lower than the 2011-12 baseline.

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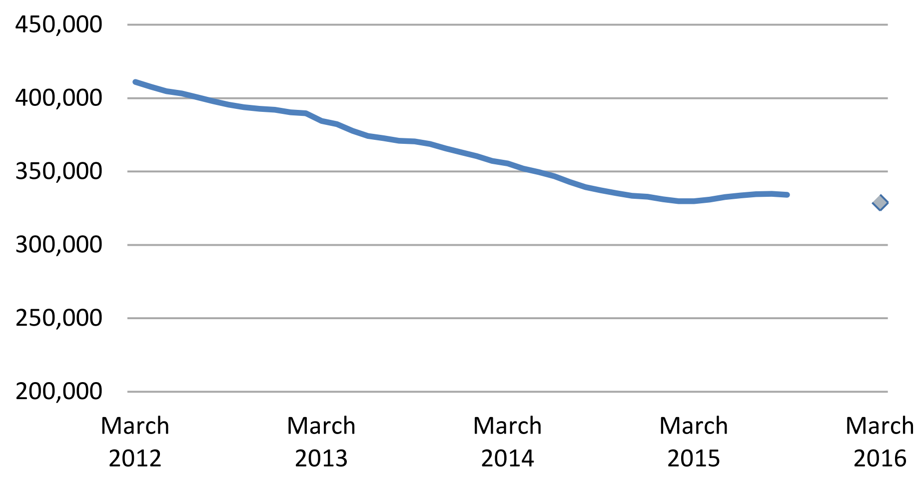
[9] Grant Thornton. *The Audit Findings for the Mayor's Office for Policing and Crime and the Commissioner of Police of the Metropolis: Year ended 31 March 2015.* July 2015.

[10] Budget and Performance Committee. Pre-Budget Report 2014.

[11] Sixty-two per cent of respondents to the Crime Survey for England and Wales in June 2015 thought the police were doing a good or excellent job in London, the same proportion as in March 2012. Office for National Statistics, Crime Statistics, Year Ending June 2015.

The Met may struggle to meet its 20 per cent crime reduction target by March 2016: MOPAC 7 offences rolling 12 month totals.



Source: London Datastore

2.4 In any case, both these key targets have a deadline of March 2016. The 2016-17 budget should set appropriate performance objectives covering April 2016 to March 2017. These may be superseded once the next Mayor publishes the next Police and Crime Plan, but the Met should not be left without objectives and deliverables in the meantime.

A new financial challenge for the Met

2.5 Only a month ago, MOPAC and the Met were facing the prospect of making enormous savings in the next few years. At one point, the Commissioner thought the Met would need to find around £1 billion of savings – equivalent to a third of its budget – between 2016-17 and 2019-20 (in addition to the £573 million of savings already identified since 2013-14). He warned that the Met might lose 5,000 police as a result and would be left with 3,000 fewer than he needed to keep London safe.[12] Now, however, the picture looks much less bleak.

2.6 Two things changed. First, the Government delayed its reform of the police funding formula by 12 months. At one point, it appeared the revised formula would have seen the Met lose £184 million in grant funding from 2016-17; this will no longer happen, at least until a new formula review takes places next year. Second, the Chancellor announced in the SR that the Government would protect police spending in real terms. Previously, the Met assumed the Government would cut

[12] The Guardian. Met police chief calls for more armed officers after Paris attacks. 17 November 2015.

the Home Office's budget by 25 per cent and, consequently, that the Home Office would pass this cut to police forces through proportionately reduced grants. The decision to protect spending could mean the Met has to find £400 million less in savings by 2019-20 than it had previously thought.

2.7 But despite these changes, the Met still faces significant financial challenges. There are new spending pressures: one per cent annual pay increases for police officers and a change in the way staff pensions are valued will cost an additional £100 million each year. New operational pressures might also force the Met to reallocate resources. These pressures include tackling the rise in sex crimes and cyber-crimes, and increasing the number of firearms officers in the wake of the recent terrorist attacks in Paris.[13]

2.8 In addition, there is still significant uncertainty. The Met will not know exactly how much general grant it will receive until the Government publishes provisional police grant allocations later this month. It is not clear what additional funding the Met will receive through the National and International Capital City (NICC) for the responsibilities unique to policing London. And the effect of the Government's changes to the police funding formula on the Met's funding from 2017-18 is unknown.

2.9 As a result, the Met still needs to reduce costs. It told the Assembly last month that it expected to make savings of around £400 million by 2019-20. As such, it is still considering changing its borough structures, which could lead to some borough commands merging, and altering the rank-mix of its police officers – what the Deputy Commissioner referred to as the Met's "11 layers of management".[14]

2.10 In the last year, the Met has continued to work on its One Met Model (OMM) 2020 – a vision of what the service will look like by the end of the decade. Now that police funding cuts are not as severe as previously anticipated, the key question is how much this model will change. We will explore this issue with MOPAC and the Met in January.

2.11 We were disappointed that the Met did not publish a summary of its operating model during 2015, as we requested last year. Given the changing funding situation, and next year's Mayoral and London

[13] Deputy Commissioner Craig Mackey, MPS, speaking to the Police & Crime Committee, 26 November 2015.

[14] Deputy Commissioner Craig Mackey, MPS, speaking to the Police & Crime Committee, 26 November 2015.

Assembly elections, it is even more important that Londoners are not excluded from discussions about the future of the Met.

Managing change in the Met

2.12 The Met is currently undergoing significant change which needs to be carefully managed if it is to be successful. The implementation of the OMM 2020 will alter its shape, and changes to the estates and technology strategies are already affecting working practices. There may also be an increased reliance on external consultants, as identified in our September 2015 report, *To Protect and Save*, with regards to outsourcing various back-office functions as part of its commercial strategy.

2.13 The Met acknowledges that there are risks associated with its ability to deliver transformational change. To help mitigate these risks, it is engaging PwC under a £13 million contract to support its commercial strategy,[15] and it budgeted £2.5 million in 2014-15 for its cultural change programme 'Total Professionalism.' However, the Met only used half of the latter budget in 2014-15 and rolled the other half into its 2015-16 budget. The Met's auditors think this is insufficient, highlighting that the Met will spend an average of only £55 per full-time equivalent to implement its most far-reaching and major change programme to date over a two-year period.

2.14 There are signs the Met is not managing change well. Its latest staff survey found that while 54 per cent of staff supported the need for change within the organisation, only 29 per cent believed that the Met keeps staff informed of changes that affect them.[16] Staff engagement is also low, with participation in the staff survey falling from 37 per cent to 28 per cent between 2012 and 2014.[17] A continued failure to prioritise cultural change risks undermining the investment the Met is making in its 2020 model.

[15] Grant Thornton. *The Audit Findings for the Mayor's Office for Policing and Crime and the Commissioner of Police of the Metropolis*: *Year ended 31 March 2015*. July 2015.
[16] Metropolitan Police. *Build a Better Met: MPS Staff Survey 2014*. April 2014.
[17] Grant Thornton. *The Audit Findings for the Mayor's Office for Policing and Crime and the Commissioner of Police of the Metropolis*: *Year ended 31 March 2015*. July 2015.

Recommendation 6

In his budget, the Mayor's should:

- Explicitly set out and explain the areas in which MOPAC expects to make savings in 2016-17, and what impact this will have on policing in London.
- Explain the key performance deliverables of the Met and MOPAC for 2016-17, covering the period between the current Police and Crime Plan and the next one.

Recommendation 7

MOPAC should ensure that future financial reports to the Assembly report performance against planned savings as they did during 2014-15.

Cost pressures at the fire service

2.15 LFEPA has a challenge ahead to keep operating a "world class fire and rescue service".[18] Over the last two years, the Mayor has offset cuts in Government funding by increasing LFEPA's support from council tax, business rates and his resilience reserve. Further cuts are likely, although the outcome for LFEPA of the Spending Review is not yet clear. In his July budget guidance, the Mayor committed to "fund LFEPA to avoid any further major frontline re-alignment over the lifetime of the Fifth London Safety Plan (2013-16) by compensating for further cuts to its core grants by central government." And, unlike with TfL, the GLA is not trying to clawback LFEPA's share of the business rate deficit for 2013-14 and 2014-15, indicating the Mayor is keen to protect LFEPA from funding reductions at a cost to the rest of the GLA. LFEPA's funding will be maintained for another year at £382.4 million, although this could change during the budget-setting process.

2.16 Even assuming its overall funding package remains unchanged from 2015-16 levels, LFEPA will still have to find significant savings: LFEPA's budget submission includes a budget gap of £13.2 million for 2016-17, largely the result of inflationary pressures.[19] LFEPA has proposed £5.1 million of savings and put forward various service change options to the Mayor to find the remaining £8.1 million. One option being considered is for LFEPA to decommission some of its fire appliances. For

[18] The Mayor's Budget Guidance for 2016-17. 28 July 2015. Page 1.
[19] The Mayor's Budget Guidance for 2016-17. 28 July 2015. Page 4.

the past 2 years, 13 appliances have been held back from day-to-day deployment to ensure they could be used by private contractors during strike periods. The Mayor has suggested that, as the Fire Brigade has demonstrated that it can perform well without these 13 appliances in operation, there may be a case for taking them out of service permanently to achieve additional savings. In June, the Mayor asked LFEPA to examine this proposal in more detail.[20] LFEPA's preferred option is to meet the budget gap by implementing alternative crewing proposals, rather than the recommended option of the London Fire Commissioner to decommission the 13 appliances.

[20] Mayoral Decision- MD1516. LFEPA 2016-17 budget options. 15 June 2015.

3. Transport

Key issues

The Government has announced that TfL's revenue grant will be cut to zero in 2018-19. The practical implications of this cut are that TfL will have less to spend on infrastructure, with consequences for its capital investment programme. To date, TfL has been able to achieve its required savings. Going forwards, TfL is going to have to generate more commercial income, and/or find new operational savings to manage reductions to its level of revenue funding from 2016-17.

At a time when TfL is facing the loss of its Government revenue grant, it is also facing a significant delay to its Sub-Surface Upgrade Programme. In July 2015, we learned of a five-year delay to the Programme, which is central to London Underground's plans to increase capacity and respond to the expected growth in population. Given that earlier this year TfL confirmed that the programme as a whole was on schedule (with some elements delayed), TfL's repeated insistence that it believed that they would be able to deliver the programme by 2018 seems misleading.

TfL underestimated the costs of delivering the Sub-Surface upgrade programme - the signalling element of which was originally going to be delivered by Bombardier Transportation - by over £1 billion. Now some of TfL's planned capital investment programmes will have to be deferred to cover this cost. Beyond the additional capital costs, the delay to the Sub-Surface Upgrade Programme will have revenue implications for TfL, delay service improvements for passengers, and have implications for the broader economy.

Funding to invest in London's transport network

3.1 In November's Autumn Statement, the Government decided to cut its funding for London's transport by 20 per cent but increase it by 50 per cent in the rest of the country.[21] Given the scale of population growth forecast for London and the pressures already on the transport network,

[21] Investment in TfL between 2015-16 and 2020-21 has been reduced from £13.8 billion to £11 billion. This reduction is due to a £2.8 billion reduction in TfL's revenue grant over the period and assumes that the Government's investment grant funding will remain at £5.8 billion and borrowing at £3.8 billion. Overall spending on transport will increase by 50 per cent to £61 billion over the same period.

it is disappointing that the Mayor has been unable to persuade Government of the importance to the country of investing in London's transport network.

3.2 The Government's announcement means that TfL's resource grant will be cut to zero in 2018-19. This was worth over £600 million in 2015-16, roughly half the amount TfL spends on wages each year.[22] The Government's decision means that, unlike all other major European city transport networks, London will have to fund its operations without a government grant.[23]

3.3 Although the reduction in Government funding is in the form of a cut to TfL's revenue grant, it will ultimately mean that TfL has less to spend on infrastructure. TfL has previously used this grant to help fund its large capital investment programme. Indeed, TfL's current Business Plan assumes that it will commit over £800 million of this revenue funding to capital projects each year from 2019-20. This revenue cut will therefore reduce TfL's funding to invest in vital infrastructure projects.

3.4 To minimise the impact of this cut in Government grant funding, TfL will have to maximise its fares revenue, generate additional commercial income, and make operational savings. None of these, however, will be easy to achieve.

- Fares now account for more than 65 per cent of TfL's income. In its 2014 Business Plan, TfL estimated that fares would rise by the retail price index (RPI) plus an additional one per cent in 2016-17. However, the Mayor and Government announced in November that fares will rise by RPI, with the effect that TfL's fare income will be around £43 million less than expected each subsequent year.[24] TfL expects passenger growth to increase in 2016-17, and this will counter some of the grant funding reduction. However, TfL's fares income is currently forecast to be £24 million less than set out in the 2015-16 budget, so there is no guarantee that this will be achieved.[25]

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[22] Wages and salaries expenditure totalled £1,390 million in 2014-15. See Statement of Accounts for the year ending 31 March 2015. The Mayor notes that in 2015-2016, TfL's general grant was £675 million. See Mayor of London press release. "Mayor welcomes Chancellor's pledge to protect police budget". 25 November 2015.
[23] Mayor of London press release. "Mayor welcomes Chancellor's pledge to protect police budget". 25 November 2015.
[24] In 2012 a one per cent in fares increase generated additional income of £34 million, which suggests that a one per cent fares rise is worth around £40 million now.
[25] *Operational and Financial Performance and Investment Programme Reports* – Second Quarter 2015-16, TfL Finance and Policy Committee paper, 2 December 2015

- While there are opportunities for TfL to generate more commercial income from its assets, it will not be enough to cover its other funding reductions. TfL's commercial development directorate is making good progress, particularly given its low starting point. We are pleased to see that TfL has brought in a team of commercial experts to provide advice, but it will take time for commercial income to grow to a significant level. TfL's current Business Plan already included ambitious plans to increase non-fares revenue by 30 per cent and generate an additional £1.1 billion of revenue over ten years. Finding more income than this will be difficult.
- While historically TfL has managed to achieve its required savings, it is now under pressure to find further operational efficiencies to cover its revenue funding cuts. With the majority of TfL's services already running close to capacity and the easier efficiency plans already having been implemented, finding genuine new efficiencies that do not affect service levels will become increasingly difficult.

3.5 As the pressure on TfL intensifies, it will be particularly important to understand how it is finding new savings, and the extent to which these are genuine efficiencies or cuts to services. To date, TfL's savings have been confusing to understand due to the cumulative way they are presented. PwC recognised this in its 2015 savings and efficiencies review and noted that TfL should re-baseline its savings programme and focus on short-term annual savings.[26] In view of the new savings and efficiency plans TfL is going to have to put in place to cope with funding reductions, we echo PwC's recommendation and ask for the savings counter to be reset to zero in 2016.

Recommendation 8

In its next business plan, TfL should reset its savings counter to zero and focus on achieving short-term annual targets as recommended by PwC.

The Sub-Surface Upgrade Programme

3.6 The Sub-Surface Upgrade Programme (SUP) is a vital part of TfL's plans to improve the Tube network. It will increase capacity on the District, Circle, Metropolitan and Hammersmith and City lines – currently used by 1.3 million passengers a day – by 40 per cent.[27] Completing the SUP by 2018

[26] PwC. *Transport for London Savings & Efficiencies Review for 2014-2015*. February 2015.
[27] TfL Board paper. *Sub-Surface Upgrade Programme Automatic Train Control Contract – Lessons Learnt*. 17 July 2014.

was a key milestone in the 2013 Government capital grant settlement that allocated approximately £1 billion a year in capital funding until 2020-2021.[28]

3.7 The SUP consists of two streams: the introduction of new trains and the associated track-enabling works (which is nearly complete); and signalling replacement. TfL awarded the signalling replacement contract to Bombardier Transportation in June 2011 with a target price of £354 million. The work was severely delayed and TfL ended the contract in December 2013, paying Bombardier £85 million as a final settlement. Following another procurement exercise, TfL awarded a new contract to Thales. The signalling element of the SUP programme is now forecast to cost £886 million more than originally budgeted and with an expected completion date of 2023.

3.8 TfL seems to have been in denial over the delay caused by the collapse of the Bombardier contract. The Assembly, and many railway experts, have repeatedly questioned TfL about whether the SUP was still on schedule for 2018, and TfL has repeatedly stated that it was. In June 2014, the Managing Director of London Underground told the Transport Committee that “we still believe [delivery of the signalling] is possible within 2018”.[29] A commitment that the signalling work would be complete by 2018 was also given to the Budget and Performance Committee in January 2015 by the Commissioner for Transport, although he did explain that certain parts of the programme would be delayed.[30] Many railway experts had argued that the 2018 deadline would be impossible, partly because it would take at least a year (and in the end 18 months) to engage a new contractor, and also because the new contractor would effectively have to start from scratch.

3.9 The delay to the SUP will have significant consequences for TfL’s finances over the coming years. TfL now expects the SUP will cost £5.4 billion – an increase of £1.15 billion on its previous forecasts. To put this into context, TfL’s total planned capital expenditure for 2016-17 is approximately £3.3 billion. While TfL may be able to defer most of the additional costs to 2021-2023 (after the current business planning period), it will still have £1.15 billion less to spend on other capital programmes. This means that TfL might not be able to complete a

[28] Letter from Patrick McLoughlin, Secretary of State for Transport, to Boris Johnson. Spending Review 2013: TFL Funding Agreement. 18 July 2013.
[29] Mike Brown, Managing Director, London Underground and London Rail speaking at the Transport Committee meeting, 4 June 2014.
[30] Sir Peter Hendy speaking at the Budget and Performance Committee meeting, 8 January 2015.

number of small projects or a single big project (equivalent in size to the Northern Line Extension) in the 2020s as previously planned. On top of this, TfL will miss out on around £270 million each year in terms of the additional fares income the upgrade would have generated from carrying more passengers.

3.10 The SUP delay will also have major implications for Tube passengers and London's economy. The programme was intended to reduce journey times, improve reliability and reduce overcrowding. These benefits will now not be felt until 2023, some five years later than planned. Furthermore, the Circle Line element of the SUP is especially important, because capacity constraints have significant knock-on effects on the other parts of the tube network in Central London. Finally, TfL has told us that the five-year delay will cost London's economy around £900 million (£180 million a year) in terms of longer journey times.[31] The failure of the Bombardier contract has been a costly disaster for TfL and for London.

[31] David Hughes (Director of Major Programme Sponsorship, London Underground), speaking at the Budget Monitoring Sub-Committee, 15 July 2015.

4. Housing, regeneration and economy

Key issues

The Mayor is close to meeting his manifesto commitment to deliver around 55,000 affordable homes this year. However, looking forward, the development of more affordable housing to rent in London is at risk. Following the Spending Review, the future is more certain for the London Enterprise Panel, with Government committing £12 billion nationally for local growth, and we expect projects funded under the New Homes Bonus, and the Mayor's apprenticeship campaign, to continue in the next year.

The GLA is using its assets to support a number of long-term regeneration projects in London. With the responsibility for delivering Olympicopolis, the GLA is committing more funding to LLDC, and taking on more risks as its financial guarantor. We hope that some of the trends that we have seen in LLDC's performance to date, such as the rising cost of the Olympic Stadium, or diminished visitor numbers at the Arcelormittal Orbit, are not indications of the future of Olympicopolis.

Finally, there is huge potential for regeneration at Old Oak and Park Royal, but it is not without financial risks. OPDC lacks any capital funding, and the Government is unclear about what support it will provide for development within this site. While this Mayor has initiated two large regeneration projects through his development corporations LLDC and OPDC, the next Mayor may not have so much flexibility.

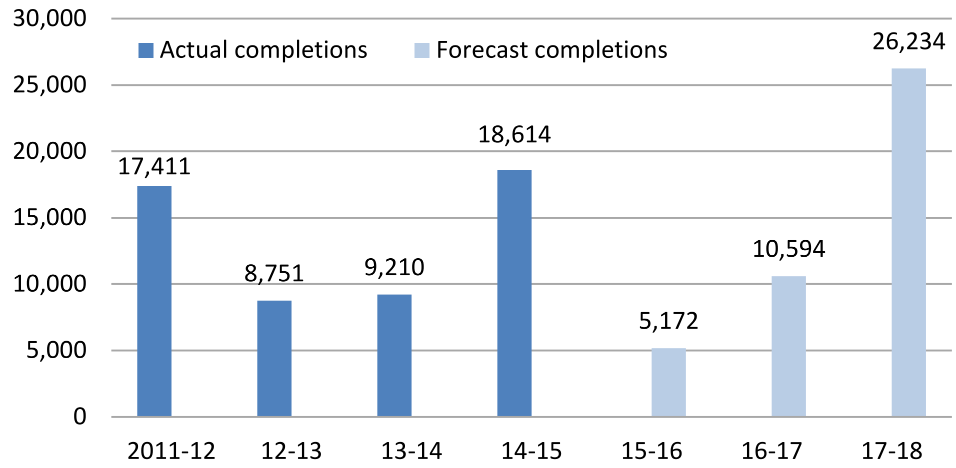
Affordable housing

4.1 The number of affordable homes built in London continues to vary from year to year. There were 18,614 affordable housing completions in 2014-15 – the highest number in London since the Department for Communities and Local Government (DCLG) reporting started in the early 1990s.[32] In 2015-16, however, the GLA expects there to be only 5,172 completions – the lowest amount since DCLG reporting began. The GLA

[32] Mayor's Housing Covenant Annual Update, Housing Investment Group, July 2015. The GLA part-funded 17,914 affordable housing completions – it forecasts that there was a further 700 completions funded through section 106 contributions.

forecasts it will part-fund 10,594 new affordable homes in 2016-17 and 26,234 in 2017-18.[33]

The number of affordable housing completions varies greatly each year.



Sources: HIG, July 2015; GLA Affordable Housing Quarterly Update, September 2015.

4.2 In June 2014, the Mayor published his statutory London Housing Strategy.[34] This sets out plans to use £1.25 billion of capital grant to part-fund 42,000 new affordable homes between 2015-16 and 2017-18. Forty per cent of these homes will be for low-cost home ownership and 60 per cent for sub-market rent.

4.3 Currently, the single largest GLA affordable housing programme is the Mayor's Housing Covenant 2015-18. In July 2014, the Mayor allocated around £540 million to Registered Providers to deliver 18,000 homes.[35] This was less than expected: the GLA had previously indicated that it would allocate all available funding for the 2015-18 programme in one tranche.[36]

4.4 This means that resources for investing in housing in London are still available to the current Mayor – or possibly to the next. In November, the GLA told the Committee there is £295 million of headroom in the Mayor's Housing Covenant 2015-18.[37] While the GLA may allocate some of this funding to Registered Providers to build additional affordable

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[33] The GLA expects around 700 completions each year to be funded by section 106 contributions; the remainder will be funded by GLA programmes.
[34] Homes for London: the London Housing Strategy, June 2014.
[35] MD1379, Mayor's Housing Covenant 2015-18 Programme Recommendations, para. 1.4, July 2014.
[36] GLA to allocate full affordable homes fund this summer, Inside Housing, 3 April 2014.
[37] David Lunts, B&P Committee, 19 November 2015.

housing – through a process known as Continuous Market Engagement – it may choose an alternative option. It told us it is considering using around £200 million to support 10 additional Housing Zones.

4.5 The Committee will keep a close eye on this issue. Rather than directly part-funding new affordable homes, investment in Housing Zones may take other forms. As the GLA told us:

> "What we have discovered…is that it is increasingly important to providers, and indeed boroughs, to support a more spatially-focused approach to investment, opening up sites that otherwise are stalled, or accelerating the delivery of sites that are moving at rather a slow pace."

4.6 When the GLA receives housing grant from central government, it comes with an obligation to deliver a set number of affordable homes. While the GLA says it will not risk missing these obligations, it would be concerning to see investment in Housing Zones result in a lower number of new affordable homes.

4.7 There may also be additional resources available for the GLA to invest in new housing. In his Spending Review, the Chancellor announced he was doubling the national housing budget to over £2 billion per year, which he said would lead to 400,000 new homes by 2020.[38] Of this total, almost half will be Starter Homes, sold at 20 per cent below market value to first-time buyers aged under 40 and a further 135,000 will be for Help to Buy: Shared Ownership, a new type of affordable housing. While it is not yet certain what proportion of these new homes will be built in London, it is clear that the majority of new affordable housing will be for full or shared ownership homes, rather than for sub-market rent.

Other Mayoral housing interventions

4.8 Beyond the Mayor's Housing Covenant 2015-18, the Mayor has started to make different types of interventions into London's housing sector. As mentioned above, he is investing in 20 Housing Zones across London. The Mayor launched the Housing Zone prospectus in June 2014 with proposals to deliver 20 zones across London. The primary aim of the programme is for zones to support at least 53,000 homes over ten years; around a third of homes will be affordable housing.[39] In total,

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[38] Chancellor George Osborne's Spending Review and Autumn Statement 2015 speech, 25 November 2015.
[39] GLA website – Housing Zones

£400 million is available in the programme[40] and the Housing Investment Group reported in October 2015 that the GLA has indicatively allocated £537 million across Housing Zones. The GLA told us in November that it has deliberately over-programmed £137 million due to the nature of risks in the programme.[41]

4.9 There has been less appetite for another of the Mayor's policies. In August 2014, the Mayor launched the London Housing Bank (LHB). He said the first phase of the LHB will "accelerate the pace of development" and deliver up to 3,000 additional affordable homes for rent between 2015-16 and 2017-18 (in addition to the 42,000 homes to be funded during this period by grant).[42] The GLA received a £200 million repayable loan from DCLG to finance these homes. Rather than granting funding to developers, the GLA will provide them with loans at reduced rates of interest. In exchange, developers will let the homes at intermediate rates for a fixed period while they repay their loan to the GLA. Repayment periods will vary between seven and 15 years, although the GLA expects the average loan to last 10 years. After this time the homes may be sold, refinanced as a full market-value product or retained as affordable housing.[43]

4.10 In November it was reported that the GLA has allocated £65 million so far for the LHB, meaning that around two-thirds of the funding remains unallocated. We understand that the GLA intends to give the programme an extra push in the New Year to "engender some more enthusiasm for it."[44] Given that the funding must be repaid to DCLG, the Mayor's budget should explain what alternative options are available for the funding should appetite for the programme continue to be low.

Recommendation 9

In his budget, the Mayor should set out alternative uses for London Housing Bank funding should appetite for the programme remain low.

[40] £200 million is a loan funding to the private sector (including Registered Housing Providers); £200 million will be made available on a more flexible basis having been reallocated from the existing Affordable Housing budget.

[41] David Lunts, Executive Director – Housing & Land, GLA, speaking to the Budget & Performance Committee, 19 November 2015.

[42] GLA website – London Housing Bank.

[43] MD1393, London Housing Bank, 15 August 2014.

[44] David Lunts, Executive Director – Housing & Land, GLA, speaking to the Budget & Performance Committee, 19 November 2015.

The London Enterprise Panel

4.11 The Government has confirmed £12 billion for the Local Growth Fund between 2015-16 and 2020-21. It has also reiterated support to the indicative Local Growth Fund allocations that were made through Growth Deals, and stated that Local Enterprise Partnerships will continue to receive core funding from Government, matched by local areas.[45] As a result, the future of the London Enterprise Panel (LEP) is a little more certain.

4.12 One of the LEP's roles is to advise the Mayor on how to spend regeneration funding. In 2015-16 the GLA received a £70 million top-slice from the New Homes Bonus paid to boroughs. Now that Government has confirmed funding for local growth, the Mayor's budget should identify what funding is available for regeneration programmes.

Apprenticeships

4.13 The Mayor's 2012 manifesto set out a commitment to create 250,000 apprenticeship opportunities in this Mayoral term. By the end of 2014-15, 129,230 apprenticeships had been created, and the GLA's Monitoring Report shows this key performance indicator with a red risk rating.[46] As the Executive Director-Development, Enterprise & Environment explained in November, "we have put a tremendous amount of effort into this over the last seven years, at this stage, but we are not going to meet the targets." She went on to note that the GLA would be working with the LEP to consider plans for apprenticeships in the next mayoral term.[47] While it is welcome that such plans are being considered, these discussions come very late in the Mayor's term, and at a challenging time when the Government is introducing reforms to apprenticeships, including the new apprenticeship levy. The Mayor's budget should set out what funding is available to support apprenticeships in London.

Recommendation 10

In his budget, the Mayor should identify what funding is available:

- for regeneration programmes; and
- to support apprenticeships.

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[45] Her Majesty's Treasury. Spending Review and Autumn Statement 2015. Page 61.

[46] Greater London Authority Finance and Performance Monitoring Report. Quarter 1 2015-16. Appendix 4.

[47] Fiona Fletcher-Smith, Executive Director-Development, Enterprise & Environment, GLA, speaking to the Budget & Performance Committee, 19 November 2015.

Mayoral Development Corporations

4.14 In his time in office the Mayor has launched two development corporations, the London Legacy Development Corporation (LLDC) and Old Oak and Park Royal Development Corporation (OPDC). The GLA is using its assets to support regeneration through the operations of both of these development corporations, but there are risks associated with each of them. Although the GLA has a healthy cash-flow to support them now, in future years the new Mayor may have less flexibility.

London Legacy Development Corporation

4.15 Established in April 2012, the LLDC's aim was to promote and deliver physical, social, economic and environmental regeneration in the Olympic Park and surrounding area.[48] LLDC was envisaged as a "sunset" organisation, meaning it was meant to lay the ground work to support regeneration in the area, before handing it over to other partners and gradually taking a diminished role.[49] This status changed in 2014 when the Chancellor confirmed £141 million for Olympicopolis, a new cultural and educational quarter within the Olympic Park.

4.16 The Mayor had originally committed to providing support for the LLDC running costs of £10 million per year, but that commitment has increased. Last year, he agreed to provide £17 million in 2015-16 and £13.8 million in 2016-17 as transitional funding.[50] The draft GLA budget includes a Development Corporation reserve with a balance of £42 million in March 2016.[51] The GLA proposes to use this reserve to top up revenue support to the LLDC to £14 million in 2017-18 and 2018-19.

4.17 The capital investment in Olympicopolis is not without risks. The LLDC's most recent monitoring report has a red risk rating for the delivery of Olympicopolis on time or to budget.[52] The Government has announced long-term investment to support the "delivery of the new Olympicopolis cultural and university quarter in the Queen Elizabeth Olympic Park" but the details of the settlement are not yet disclosed, and any cost overruns currently lie with the GLA.[53]

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[48] Mayor of London's proposals for a Mayoral Development Corporation. February 2011
[49] Martin Clarke speaking at the 19 November 2015 Budget and Performance Committee meeting.
[50] The Mayor's budget guidance for 2016-17. July 2015.
[51] The GLA transferred £32 million to this reserve in 2014-15. Of this, £13 million was from underspends in 2014-15 and the rest from the council tax surplus in that year.
[52] LLDC. Corporate Performance July-September 2015: Q2 2015-16. Page 29.
[53] Her Majesty's Treasury. Spending Review and Autumn Statement 2015. Page 68.

4.18 There are other worrying signs regarding the LLDC's performance, particularly around the rising costs of the Olympic Stadium (now £701 million)[54], and the Arcelormittal Orbit. For the year ending March 2015, LLDC reports that the Orbit has been revalued from £875,000 at the end of 2014 to £1.6 million. LLDC notes that the "increase in market value is related to improved trading over the financial year, despite income falling below targets."[55] The current value is still some way off the original valuation of £6 million.[56]

4.19 Any plans to get it to pay for itself, or to get the original London Development Agency investment back, now seem unlikely. This is somewhat contradictory to the Mayor's assertion that "we will be amply recouped after Games-time from the proceeds of renting out a very attractive dining facility at the top. It will be a corporate money-making venture."[57] The poor performance of the Orbit may be indicative that the predicted Park visitor numbers and income could be overly optimistic. The Orbit is currently showing a loss of £0.5 million.[58] We echo the auditor's recommendation that the GLA "needs to continue to keep a close eye on as a financial guarantor to LLDC's financial and operating performance."[59]

Old Oak and Park Royal Development Corporation

4.20 On 1 April 2015, the Mayor launched the OPDC to drive forward the regeneration of the Old Oak and Park Royal sites. Spanning the three boroughs of Hammersmith & Fulham, Ealing and Brent, this area will be where High Speed 2 (HS2) arrives in London and the only place where it meets Crossrail. The OPDC estimates that redevelopment of the area has the potential to deliver 24,000 new homes and 55,000 jobs in Old Oak, and 1,500 new homes and 10,000 jobs in Park Royal.

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[54] In 2004 London bid to hold the 2012 Olympic Games, including in its application an estimate for constructing a new Olympic stadium at a cost of £250 million. Three years on from hosting the Games, the cost for that stadium has nearly tripled to £701million. See Beard, Mathew. The Independent. 'Cost of Olympic stadium set to soar to £280m.' 24 July 2006, and Gibson, Owen. The Guardian. 'Olympic Stadium cost rises to £701m from initial £280m estimate.' 19 June 2015.

[55] London Legacy Development Corporation. Annual Reports and Accounts 2014/15. Page 64.

[56] EY. *Greater London Authority: For the year ended 31 March 2014 Audit Results Report – ISA (UK & Ireland) 260*. September 2014. Page 11.

[57] Hall, John. The Independent. 'Mind boggling' artwork that will tower over London. 23 October 2011.

[58] London Legacy Development Corporation. Annual Reports and Accounts 2014/15. Page 77.

[59] EY. *Greater London Authority: For the year ended 31 March 2014 Audit Results Report – ISA (UK & Ireland) 260*. September 2014. Page 14.

4.21 Initially, the GLA has provided the OPDC with seed funding for two years. As a result, the OPDC has a net revenue budget of £3.7 million in 2015-16 and £5.4 million in 2016-17.[60] It does not, however, have a capital budget yet. The OPDC made a submission ahead of the Spending Review, seeking investment to support key infrastructure.[61] In its Autumn Statement, the Government confirmed support for "bringing together the publically-owned land around the Old Oak Common HS2 station into single control."[62] What form this support will take is still unclear. Redeveloping Old Oak and Park Royal will be expensive, as the site is starting from scratch in terms of infrastructure. An estimated £1.5 billion of utilities, social and transport investment is needed.

4.22 The GLA currently has some cash available to support future regeneration projects in the short term, but its resources are not limitless. Some of these resources are currently being utilised for existing commitments, such as loaning the LLDC funding to support the Olympicopolis project. We await further details from the Government about the settlement for delivery of the OPDC site. Without support, the next Mayor's flexibility to support new regenerations projects might become increasingly restricted.

[60] Q1 finance update, OPDC Board Meeting, 15 September 2015, page 393.
[61] CEO's report to the OPDC Board, OPDC Board Meeting, 15 September, page 15.
[62] Her Majesty's Treasury. Spending Review and Autumn Statement 2015, page 68.

Recommendations

Recommendation 1

The Mayor’s Final Budget should include a paragraph for each functional body explaining what, if any, financial flexibility there will be for the next Mayor in 2016-17.

Recommendation 2

The GLA and its functional bodies should come to the January Budget and Performance Committee meetings prepared to give Members an overview of their tentative plans for managing the impact of the Spending Review and funding settlements.

Recommendation 3

As other functional bodies already do, TfL should publish a breakdown of its £1.7 billion of earmarked reserves and report movements in future quarterly reports and budgets.

Recommendation 4

In his budget, the Mayor should identify priority areas that might receive funding should income from council tax and business rates be higher than expected.

Recommendation 5

The Met should, in its revised technology strategy to be published in January 2016, clearly explain where future savings will come from, including sufficient detail to confirm that its Digital Policing programme is on track.

Recommendation 6

In his budget, the Mayor’s should:

- Explicitly set out and explain the areas in which MOPAC expects to make savings in 2016-17, and what impact this will have on policing in London.

- Explain the key performance deliverables of the Met and MOPAC for 2016-17, covering the period between the current Police and Crime Plan and the next one.

Recommendation 7

MOPAC should ensure that future financial reports to the Assembly report performance against planned savings as they did during 2014-15.

Recommendation 8

In its next business plan, TfL should reset its savings counter to zero and focus on achieving short-term annual targets as recommended by PwC.

Recommendation 9

In his budget, the Mayor should set out alternative uses for London Housing Bank funding should appetite for the programme remain low.

Recommendation 10

In his budget, the Mayor should identify what funding is available:

- for regeneration programmes; and
- to support apprenticeships.

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Hindi

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Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Bengali

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Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

Urdu

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درکار ہو تو، براہ کرم نمبر پر فون کریں
یا مذکورہ بالا ڈاک کے پتے یا ای میل
پتے پر ہم سے رابطہ کریں۔

Turkish

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Arabic

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العنوان البريدي العادي أو عنوان البريد
الإلكتروني أعلاه.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Gujarati

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