

AGENDA

Meeting	Budget and Performance Committee
Date	Wednesday 25 June 2014
Time	2.00 pm
Place	Chamber, City Hall, The Queen's Walk, London, SE1 2AA

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Members of the Committee

John Biggs AM (Chairman)
Stephen Knight AM (Deputy Chair)
Gareth Bacon AM
Darren Johnson AM

Joanne McCartney AM
Valerie Shawcross CBE AM
Richard Tracey AM

A meeting of the Committee has been called by the Chairman of the Committee to deal with the business listed below. This meeting will be open to the public. There is access for disabled people, and induction loops are available.

Mark Roberts, Executive Director of Secretariat
Tuesday 17 June 2014

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Dale Langford, Senior Committee Officer; Telephone: 020 7983 4415; Email: dale.langford@london.gov.uk; Minicom: 020 7983 4458.

For media enquiries please contact London Assembly External Relations on 020 7983 4283.

If you have any questions about individual reports please contact the report author whose details are at the end of each report.

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Certificate Number: FS 80233

**Agenda
Budget and Performance Committee
Wednesday 25 June 2014**

1 Apologies for Absence and Chairman's Announcements

To receive any apologies for absence and any announcements from the Chairman.

2 Declarations of Interests (Pages 1 - 4)

The Committee is recommended to:

- (a) Note the list of offices held by Assembly Members, as set out in the table at Agenda Item 2, as disclosable pecuniary interests;**
- (b) Note the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s); and**
- (c) Note the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at Agenda Item 2) and to note any necessary action taken by the Member(s) following such declaration(s).**

3 Membership of the Committee

The Committee is recommended to note the membership and chairing arrangements for the Committee, as agreed by the London Assembly at its Annual Meeting on 14 May 2014, as follows:

**John Biggs AM (Chairman)
Stephen Knight AM (Deputy Chair)
Gareth Bacon AM
Darren Johnson AM
Joanne McCartney AM
Valerie Shawcross CBE AM
Richard Tracey AM**

4 Terms of Reference

The Committee is recommended to note its terms of reference, as agreed by the London Assembly at its Annual Meeting on 14 May 2014, as follows:

1. To examine at each stage of the consultation process the Mayor's budget proposals

for the next financial year and to report to the Assembly thereon as necessary.

2. To report to the Assembly on the Mayor's consultation budget at the conclusion of the consultation process.
3. To undertake the duties of the Assembly referred to in paragraph 2(2) and paragraph 3(2)(b) of Schedule 6 to the GLA Act 1999; namely, to receive and consider the Mayor's consultation prior to the determination of the draft component budget for the Authority and to receive and consider the Mayor's consultation prior to the final determination of the draft consolidated GLA budget.
4. To examine, monitor and report to the Assembly from time to time on matters relating to the budgets and performance of the Greater London Authority and the Functional Bodies.
5. To consider budgetary and performance matters on request from another standing committee and report its opinion to that standing committee.
6. To take into account in its deliberations the cross cutting themes of: the health of persons in Greater London; the achievement of sustainable development in the United Kingdom; climate change; and the promotion of opportunity.
7. To respond on behalf of the Assembly to consultations and similar processes when within its terms of reference.
8. To refer any issues to the Budget Monitoring Sub-Committee which fall within the Committee's remit.
9. To examine, monitor and report to the Assembly from time to time on Mayoral directions, approvals and decisions, insofar as they relate to the budgets and performance of the GLA and the Functional Bodies.

5 Standing Delegations

Recommendation:

The committee is asked to confirm the following standing delegations of authority to the Chairman of the Committee as agreed by the London Assembly at its Annual Meeting on 14 May 2014:

The then Budget Committee, on 22 June 2006, resolved:

That the Chair be given delegated authority to write to the appropriate bodies seeking further information arising from discussion at meetings.

The London Assembly, at its Annual Meeting on 1 May 2013, agreed to delegate to Chairs of all ordinary committees and sub-committees a general authority to respond on the relevant committee or sub-committee's behalf, following consultation with the lead Members of the party Groups on the committee or sub-committee, where it is consulted on issues by organisations and there is insufficient time to consider the consultation at a committee meeting.

6 Minutes (Pages 5 - 50)

The Committee is recommended to confirm the minutes of the meeting of the Budget and Performance Committee held on 4 March 2014 to be signed by the Chairman as a correct record.

The appendix to the minutes set out on pages 9 to 50 is attached for Members and officers only but is available from the following area of the GLA's website:

<http://www.london.gov.uk/mayor-assembly/london-assembly/budget-performance>

7 Summary List of Actions (Pages 51 - 158)

Report of the Executive Director of Secretariat

Contact: Dale Langford; dale.langford@london.gov.uk; 020 7983 4415

The Committee is recommended to note the completed and outstanding actions arising from previous meetings of the Committee.

The appendices to this report set out on pages 57 to 158 are attached for Members and officers only but are available from the following area of the GLA's website:

<http://www.london.gov.uk/mayor-assembly/london-assembly/budget-performance>

8 Action Taken Under Delegated Authority (Pages 159 - 162)

Report of the Executive Director of Secretariat

Contact: Dale Langford; dale.langford@london.gov.uk; 020 7983 4415

The Committee is recommended to note the action taken by the Chairman under delegated authority, in consultation with party Group Lead Members, namely to respond to the Mayor's consultation on the proposed amendments to Transport for London's borrowing limits in 2013/14.

9 Re-establishment of the Budget Monitoring Sub-Committee (Pages 163 - 166)

Report of the Executive Director of Secretariat

Contact: Dale Langford; dale.langford@london.gov.uk; 020 7983 4415

The Committee is recommended to:

- (a) Agree to re-establish the Budget Monitoring Sub-Committee as an ordinary sub-committee for the 2014/15 Assembly year, comprising two Labour Members and two Conservative Members (in accordance with the committee memberships and proportionality agreed at the Assembly's Annual Meeting).**

- (b) Agree the following term of reference for the Budget Monitoring Sub-Committee:**

“To consider the quarterly monitoring reports provided by the GLA and its functional bodies as referred to it by the Budget and Performance Committee, and any other reports falling within the terms of reference of the Budget and Performance Committee which that Committee considers appropriate, and to report back its findings to the Budget and Performance Committee as necessary.”

- (c) Appoint the following Assembly Members to the Budget Monitoring Sub-Committee and agrees that all non-appointed Members of the relevant political Groups be appointed as substitute Members for their relevant party Group Members on the Sub-Committee:**

Gareth Bacon AM;

John Biggs AM;

Tom Copley AM; and

Roger Evans AM.

- (d) Elect a Chair for the Budget Monitoring Sub-Committee for the 2014/15 Assembly year.**

- (e) Note the Sub-Committee’s timetable of meetings, as set out in paragraph 4.5 of the report.**

- (f) Agree to refer automatically the following reports to the Sub-Committee for the 2014-15 Assembly year:**

The quarterly monitoring reports provided by the GLA and its functional bodies;

The Mayor’s Decision Lists;

Payments above £250;

Treasury Management Strategy; and

Fees and Charges.

- (g) Refer to the Budget Monitoring Sub-Committee for scrutiny the delegations to officers concerning financial transactions in the Scheme of Delegation of Mayoral Functions of the Greater London Authority.**

10 Viability of Transport for London's Sponsored Transport Schemes (Pages 167 - 174)

Report of the Executive Director of Secretariat

Contact: William Roberts; william.roberts@london.gov.uk; 020 7983 4958

The Committee is recommended to:

- (a) Agree the terms of reference for the proposed investigation, as follows:**
- **To examine how much the Emirates Air Line and Barclays Cycle Hire Scheme have cost Transport for London and how this compares with original expectations;**
 - **To examine the role that sponsorship has played in making these schemes financially viable and how Transport for London can go about maximising sponsorship from similar schemes in the future;**
 - **To examine Transport for London's current plans for the Emirates Air Line and Cycle Hire Scheme and how these are expected to affect usage, income and profitability; and**
- (b) Note the report, put questions to the guests on the viability of Transport for London's sponsored transport schemes and note the discussion.**

11 Response to Committee's Report on Mayor's Draft Consultation Budget 2014/15 (Pages 175 - 180)

Report of the Executive Director of Secretariat

Contact: Steve Wright; steve.wright@london.gov.uk; 020 7983 4390

The Committee is recommended to note the response on behalf of the Mayor to the Committee's Report on Mayor's Draft Consultation Budget 2014/15.

12 Budget and Performance Committee Work Programme (Pages 181 - 184)

Report of the Executive Director of Secretariat

Contact: Steve Wright; steve.wright@london.gov.uk; 020 7983 4390

The Committee is recommended to:

- (a) Agree its work programme for 2014/15; and**
- (b) Delegate authority to the Chairman, in consultation with party Group Lead Members, to respond to the Home Office consultation on the draft Bill to reform the Riot (Damages) Act.**

13 Date of Next Meeting

The next meeting of the Committee is scheduled for Thursday 3 July 2014 at 10.00am in Committee Room 4.

14 Any Other Business the Chairman Considers Urgent

Subject: Declarations of Interests

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 25 June 2014

This report will be considered in public

1. Summary

- 1.1 This report sets out details of offices held by Assembly Members for noting as disclosable pecuniary interests and requires additional relevant declarations relating to disclosable pecuniary interests, and gifts and hospitality to be made.

2. Recommendations

- 2.1 **That the list of offices held by Assembly Members, as set out in the table below, be noted as disclosable pecuniary interests¹;**
- 2.2 **That the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s) be noted; and**
- 2.3 **That the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at below) and any necessary action taken by the Member(s) following such declaration(s) be noted.**

3. Issues for Consideration

- 3.1 Relevant offices held by Assembly Members are listed in the table overleaf:

¹ The Monitoring Officer advises that: Paragraph 10 of the Code of Conduct will only preclude a Member from participating in any matter to be considered or being considered at, for example, a meeting of the Assembly, where the Member has a direct Disclosable Pecuniary Interest in that particular matter. The effect of this is that the 'matter to be considered, or being considered' must be about the Member's interest. So, by way of example, if an Assembly Member is also a councillor of London Borough X, that Assembly Member will be precluded from participating in an Assembly meeting where the Assembly is to consider a matter about the Member's role / employment as a councillor of London Borough X; the Member will not be precluded from participating in a meeting where the Assembly is to consider a matter about an activity or decision of London Borough X.

Member	Interest
Tony Arbour AM	Member, LFEPA; Member, LB Richmond
Jennette Arnold OBE AM	Committee of the Regions
Gareth Bacon AM	Member, LFEPA; Member, LB Bexley
John Biggs AM	
Andrew Boff AM	Congress of Local and Regional Authorities (Council of Europe)
Victoria Borwick AM	Member, Royal Borough of Kensington & Chelsea; Deputy Mayor
James Cleverly AM	Chairman of LFEPA; Chairman of the London Local Resilience Forum; substitute member, Local Government Association Fire Services Management Committee
Tom Copley AM	
Andrew Dismore AM	Member, LFEPA
Len Duvall AM	
Roger Evans AM	Committee of the Regions; Trust for London (Trustee)
Nicky Gavron AM	
Darren Johnson AM	Member, LFEPA
Jenny Jones AM	Member, House of Lords
Stephen Knight AM	Member, LFEPA; Member, LB Richmond
Kit Malthouse AM	Deputy Mayor for Business and Enterprise; Deputy Chair, London Enterprise Panel; Chair, Hydrogen London; Chairman, London & Partners; Board Member, TheCityUK
Joanne McCartney AM	
Steve O'Connell AM	Member, LB Croydon; MOPAC Non-Executive Adviser for Neighbourhoods
Caroline Pidgeon MBE AM	
Murad Qureshi AM	Congress of Local and Regional Authorities (Council of Europe)
Dr Onkar Sahota AM	
Navin Shah AM	
Valerie Shawcross CBE AM	Member, LFEPA
Richard Tracey AM	Chairman of the London Waste and Recycling Board; Mayor's Ambassador for River Transport
Fiona Twycross AM	Member, LFEPA

[Note: LB - London Borough; LFEPA - London Fire and Emergency Planning Authority; MOPAC – Mayor's Office for Policing and Crime]

3.2 Paragraph 10 of the GLA's Code of Conduct, which reflects the relevant provisions of the Localism Act 2011, provides that:

- where an Assembly Member has a Disclosable Pecuniary Interest in any matter to be considered or being considered or at
 - (i) a meeting of the Assembly and any of its committees or sub-committees; or
 - (ii) any formal meeting held by the Mayor in connection with the exercise of the Authority's functions
- they must disclose that interest to the meeting (or, if it is a sensitive interest, disclose the fact that they have a sensitive interest to the meeting); and

- must not (i) participate, or participate any further, in any discussion of the matter at the meeting; or (ii) participate in any vote, or further vote, taken on the matter at the meeting

UNLESS

- they have obtained a dispensation from the GLA's Monitoring Officer (in accordance with section 2 of the Procedure for registration and declarations of interests, gifts and hospitality – Appendix 5 to the Code).

- 3.3 Failure to comply with the above requirements, without reasonable excuse, is a criminal offence; as is knowingly or recklessly providing information about your interests that is false or misleading.
- 3.4 In addition, the Monitoring Officer has advised Assembly Members to continue to apply the test that was previously applied to help determine whether a pecuniary / prejudicial interest was arising - namely, that Members rely on a reasonable estimation of whether a member of the public, with knowledge of the relevant facts, could, with justification, regard the matter as so significant that it would be likely to prejudice the Member's judgement of the public interest.
- 3.5 Members should then exercise their judgement as to whether or not, in view of their interests and the interests of others close to them, they should participate in any given discussions and/or decisions business of within and by the GLA. It remains the responsibility of individual Members to make further declarations about their actual or apparent interests at formal meetings noting also that a Member's failure to disclose relevant interest(s) has become a potential criminal offence.
- 3.6 Members are also required, where considering a matter which relates to or is likely to affect a person from whom they have received a gift or hospitality with an estimated value of at least £25 within the previous three years or from the date of election to the London Assembly, whichever is the later, to disclose the existence and nature of that interest at any meeting of the Authority which they attend at which that business is considered.
- 3.7 The obligation to declare any gift or hospitality at a meeting is discharged, subject to the proviso set out below, by registering gifts and hospitality received on the Authority's on-line database. The on-line database may be viewed here:
<http://www.london.gov.uk/mayor-assembly/gifts-and-hospitality>.
- 3.8 If any gift or hospitality received by a Member is not set out on the on-line database at the time of the meeting, and under consideration is a matter which relates to or is likely to affect a person from whom a Member has received a gift or hospitality with an estimated value of at least £25, Members are asked to disclose these at the meeting, either at the declarations of interest agenda item or when the interest becomes apparent.
- 3.9 It is for Members to decide, in light of the particular circumstances, whether their receipt of a gift or hospitality, could, on a reasonable estimation of a member of the public with knowledge of the relevant facts, with justification, be regarded as so significant that it would be likely to prejudice the Member's judgement of the public interest. Where receipt of a gift or hospitality could be so regarded, the Member must exercise their judgement as to whether or not, they should participate in any given discussions and/or decisions business of within and by the GLA.

4. Legal Implications

- 4.1 The legal implications are as set out in the body of this report.

5. Financial Implications

5.1 There are no financial implications arising directly from this report.

Local Government (Access to Information) Act 1985
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List of Background Papers: None

Contact Officer: Dale Langford, Senior Committee Officer
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Telephone: 020 7983 4415

E-mail: dale.langford@london.gov.uk

MINUTES

**Meeting: Budget and Performance
Committee**

Date: Tuesday 4 March 2014

Time: 10.00 am

**Place: Committee Room 5, City Hall, The
Queen's Walk, London, SE1 2AA**

Copies of the minutes may be found at:

<http://www.london.gov.uk/mayor-assembly/london-assembly/budget-performance>

Present:

John Biggs AM (Chairman)
Gareth Bacon AM
Darren Johnson AM
Joanne McCartney AM
Valerie Shawcross CBE AM

1 Apologies for Absence and Chairman's Announcements (Item 1)

1.1 Apologies for absence were received from Stephen Knight AM and Richard Tracey AM.

2 Declarations of Interests (Item 2)

2.1 The Committee received the report of the Executive Director of Secretariat.

2.2 Resolved:

**That the list of offices held by Assembly Members, as set out in the table at
Agenda Item 2, be noted as disclosable pecuniary interests.**

3 Minutes (Item 3)

3.1 Resolved:

That the minutes of the meetings of the Budget and Performance Committee held on 7 January, 9 January and 14 January 2014 be signed by the Chairman as correct records of those meetings.

4 Summary List of Actions (Item 4)

4.1 The Committee received the report of the Executive Director of Secretariat.

4.2 Resolved:

That the completed and outstanding actions arising from previous meetings of the Committee be noted.

5 Action Taken Under Delegated Authority (Item 5)

5.1 The Committee received the report of the Executive Director of Secretariat.

5.2 Resolved:

That the action taken by the Chairman under delegated authority be noted.

6 GLA Land and Property Assets (Item 6)

6.1 The Committee received the report of the Executive Director of Secretariat as background to putting questions on the land and property assets of the Greater London Authority (GLA) group to the following invited guests:

- Sue Budden, Director of Finance and Contractual Services, London Fire and Emergency Planning Authority (LFEPA);
- Ben Cameron, Head of Property, LFEPA;
- Lynda McMullan, Director of Police Resources & Performance, Mayor's Office for Policing and Crime;
- Jane Bond, Director of Property Services, Metropolitan Police Service;
- Graeme Craig, Director of Commercial Development, Transport for London (TfL);
- Richard Blakeway, Deputy Mayor for Housing, Land and Property, GLA; and
- Simon Powell, Assistant Director for Strategic Projects and Property, GLA.

6.2 A transcript of the discussion is attached as **Appendix 1**.

6.3 During the course of the discussion, the Committee requested the following additional information:

- Details of the 75 sites TfL intended to take forward for development over the course of the next ten years;
- The reasons for the Single Property Unit list of GLA group assets not yet including all TfL assets; and
- A definition from the Deputy Mayor for what the GLA mean by “property savings across the GLA group”.

6.4 **Resolved:**

- (a) That the report and discussion be noted; and**
- (b) That authority be delegated to the Chairman, in consultation with the party Group Lead Members, to agree any output on GLA land and property assets.**

7 Consultation on Revisions to Transport for London Prudential Code Borrowing Limits for 2013/14 (Item 7)

7.1 The Committee received the report of the Executive Director of Resources setting out a proposal to revise the authorised borrowing limits for TfL in 2013/14.

7.2 The Committee noted that officers were in the process of analysing the proposal and agreed to delegate authority to the Chairman to respond to the consultation.

7.3 **Resolved:**

- (a) That the Mayor’s consultation on proposed revisions to the authorised borrowing limits for Transport for London in 2013/14 be noted; and**
- (b) That authority be delegated to the Chairman, in consultation with party Group Lead Members, to respond to the Mayor’s consultation on the proposed amendments to Transport for London’s borrowing limits in 2013/14.**

8 Budget and Performance Committee Work Programme (Item 8)

8.1 The Committee received the report of the Executive Director of Secretariat.

8.2 **Resolved:**

That the Committee's calendar of meetings and business for the year 2013/14 be noted.

9 Date of Next Meeting (Item 9)

9.1 The next meeting of the Committee was scheduled for Thursday 5 June 2014 at 10.00am in Committee Room 5, subject to confirmation at the Assembly's Annual Meeting in May.

10 Any Other Business the Chairman Considers Urgent (Item 10)

10.1 There were no items of business the Chairman considered urgent.

11 Close of Meeting

11.1 The meeting ended at 12.19pm.

Chairman

Date

Contact Officer: Dale Langford, Senior Committee Officer; Telephone: 020 7983 4415; Email: dale.langford@london.gov.uk; Minicom: 020 7983 4458.

Budget and Performance Committee – 4 March 2014

Transcript of Item 6: GLA Land and Property Assets

John Biggs AM (Chairman): The main item is Greater London Authority (GLA) land and property assets. Can we welcome our guests from across the ever-growing GLA family to tell us about their property assets? If I can start the ball rolling by asking people to very briefly introduce themselves. Then perhaps they could tell us what sort of property assets they have or the number they have in their portfolio and what you are planning to do with them in terms of management or disposal by functional body.

Shall we start with Sue, from the London Fire and Emergency Planning Authority (LFEPA), who is an old lag at this?

Sue Budden (Director of Finance and Contractual Services, LFEPA): Sue Budden, Director of Finance and Contractual Services.

Ben Cameron (Head of Property, London Fire Brigade): Ben Cameron, Principal Property Manager for the London Fire Brigade.

Sue Budden (Director of Finance and Contractual Services, LFEPA): In terms of numbers of assets, we have 128 property assets and we have 10 for sale or that will be disposed of as a result of the Fifth London Safety Plan (LSP5). We have our old headquarters at 8 Albert Embankment and we are going to take a paper to [LFEPA] Members in March about a new disposal process for that. We have a site in Mitcham where we are building a new station under the Private Finance Initiative (PFI) Property Project on an alternative site, so the site in Mitcham will be disposed of. We are building a new fire station in West Norwood and the old site is on a sale-and-leaseback arrangement, so we are still occupying it but it will be sold when we move into the new site.

John Biggs AM (Chairman): We are going to delve into this in greater detail later on. Essentially, your job at LFEPA is to sell things for best consideration and to use them to invest in the rest of your estate.

Sue Budden (Director of Finance and Contractual Services, LFEPA): Yes.

John Biggs AM (Chairman): OK. Your property team consists of Ben and?

Ben Cameron (Head of Property, London Fire Brigade): 44 others.

John Biggs AM (Chairman): Why so many?

Ben Cameron (Head of Property, London Fire Brigade): That includes the six which are our PFI team. When I was talking about property, that is our capital programme and also the facilities management side of things. In terms of estates, it is me plus two.

John Biggs AM (Chairman): Shall we move down the table, then?

Lynda McMullan (Director of Police Resources & Performance, MOPAC): I am Lynda McMullan from the Mayor's Office for Policing and Crime (MOPAC). I am Director of Police Resources & Performance.

Jane Bond (Director of Property Services, Metropolitan Police Service): Good morning. Jane Bond, Director of Property Services at the Metropolitan Police Service.

John Biggs AM (Chairman): Another double act.

Lynda McMullan (Director of Police Resources & Performance, MOPAC): In terms of the properties that we have, we began our strategy with 671 properties. We divide that up between public-facing, operational and residential properties. Broadly, there are 248 public-facing, 152 operational and 174 residential properties. At the start of the strategy, we identified 97 properties that were surplus to requirements, which makes up the 671. To date, we have sold 26 properties and we have added to the number that we think we can dispose of, so an additional 18 properties for disposal.

The overall valuation of the property portfolio at the start of the financial year was about £1.5 billion. We are just going through the process of revaluation at the moment for the current year accounts. We have reduced from about 956,000m² down to about 870,000m². The target is to get down to about 660,000m² by the end of the strategy.

In terms of the financials, what we are looking to do is generate capital receipts of about £515 million and we are reinvesting about £350 million of that in a new property portfolio to bring things up to standard. Obviously, we have a broader ambition in terms of technology in terms of where the additional money is going to. That is roughly the shape and scale of our portfolio.

Jane Bond (Director of Property Services, Metropolitan Police Service): We currently have an in-house team of 350 that supports that. That includes just a little under 100 who deal with the construction and the maintenance of the estate in terms of professional skillsets. Also included within that number is a team that deals with specialist surveying for crime scene analysis. The balance of 250 relates to building managers who look after each of the individual buildings we have. Within our strategy, Lynda referred to reducing down to 660,000m² but we are also looking to rationalise our team over time, so we will be looking to reduce that team size.

In terms of the work that is going on within the portfolio, we are supported obviously by many outsourced providers, so we have a number of facilities contractors and construction contractors who are also supporting that work we are undertaking.

John Biggs AM (Chairman): There is an obvious thing here. Of your 350, 250 are essentially facilities management?

Jane Bond (Director of Property Services, Metropolitan Police Service): Building managers, yes.

John Biggs AM (Chairman): You have the in-house expertise to do most of your property transactions, but you will get external valuers and surveyors or whatever?

Jane Bond (Director of Property Services, Metropolitan Police Service): Absolutely. We do have external valuers and external surveyors who market our assets for sale and value the portfolio on our behalf.

John Biggs AM (Chairman): Your basic approach is to secure the highest consideration?

Jane Bond (Director of Property Services, Metropolitan Police Service): Yes.

John Biggs AM (Chairman): We will explore later whether there are circumstances in which you would seek to do otherwise. Is your principal approach also just to do outright disposals rather than partnerships?

Jane Bond (Director of Property Services, Metropolitan Police Service): At this point in time, yes. Having reviewed the portfolio, we have identified what is surplus to requirements, yes.

John Biggs AM (Chairman): I suppose I should ask LFEPA. Do you have to buy in expertise in order to do your jobs effectively?

Sue Budden (Director of Finance and Contractual Services, LFEPA): Yes.

John Biggs AM (Chairman): It would not be worth your while? Obviously, you could use the wider GLA family, but it would not be worth your while having in-house valuers, for example, given the size of your estate?

Sue Budden (Director of Finance and Contractual Services, LFEPA): No.

John Biggs AM (Chairman): OK. Shall I trundle down the table to the sunny uplands of Transport for London (TfL), a totally unaccountable and opaque body? You can shed some light on this.

Graeme Craig (Director of Commercial Development, TfL): Graeme Craig, Director of Commercial Development for TfL. I am responsible for all TfL's non-fares revenues, including its property. We are, as we all know, one of London's largest landowners, owning a little over 5,500 acres of land in London. That includes lots of roads, verges, tracks, etc, but we also have just over 500 commercially viable sites. There are 3,500 properties that we lease out.

We are in a slightly different position from a number of others on this side of the table in that we require large amounts of infrastructure and large numbers of assets in order to run our systems. We are going through a change in our strategy where we are seeking to move away from disposal and instead understand how we, working with private sector partners and others, can grow long-term revenue from our estate, particularly in and around stations.

Currently, I have a team of just over 100. That is 30 people doing property management and the collection of rents from the 3,500 properties we lease out including 1,000 retail units in and around stations. There are a further 30 people who are in the operational property team, which includes property acquisition including through compulsory purchase for operational reasons. I then have a

team of 40 on business development, which covers all non-property-related commercial matters. Finally, I have a property development team of six people whose job has been focused largely towards disposal and part of what we need to do now is to understand the size and scale required if instead TfL is looking to retain its land and work with joint venture partners and others in order to grow long-term revenue.

John Biggs AM (Chairman): For the operational bits of TfL's estate, the stuff that other people describe as facilities management is?

Graeme Craig (Director of Commercial Development, TfL): That is actually out of my team, as it happens. It is part of the commercial function within TfL for things like head office estate but, equally, within the operating businesses, a proportion of what we previously or what would be described by others is managed within those operating businesses.

John Biggs AM (Chairman): Presumably you use a lot of external expertise to help you with disposals and complicated transactions and so on?

Graeme Craig (Director of Commercial Development, TfL): Inevitably, yes.

John Biggs AM (Chairman): Now the inconsequential estate of the core GLA.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): All right. I am Richard Blakeway, Deputy Mayor for Housing, Land and Property. The GLA owns 179 assets, which equates to roughly 667 hectares of land - and indeed water because we own the dock bed in the Royal Docks. The portfolio comprises, as you know, the former estate of the Homes and Communities Agency (HCA) London, the London Development Agency (LDA) and the Thames Gateway, which was all transferred to the GLA as part of the Localism Act 2011.

The nature of the estate is predominantly for development, although not all of those assets present a development opportunity. For example, we own the freehold of ExCeL. It splits roughly 50:50 between residential-led developments and either industrial land or commercial uses. The quantum of homes that can be delivered on it, if you include our land interest in Barking Riverside, is something around 42,000 units.

In terms of the composition of the team, I will let Simon talk on this more. As you will be aware, we have quite a significant directorate with expertise to lead any disposals and oversee estate management. Our default is that we use the London Development Panel. We will obviously get expertise in to check things such as appraising the financial offers and so on, but for the most part it is led within the directorate.

Simon Powell (Assistant Director for Strategic Projects and Property, GLA): I am Simon Powell, the Assistant Director here at the GLA for Strategic Projects and Property. I head up a team of about 20 people, which is roughly split between about 7 people looking after the estates and 13 on the development side. Also, we bring in project managers from across the investment operations area teams on individual project delivery. We are supported where needed in terms of property advice, but because of the default position being particularly for residential-led development using the London Development Panel, the extent to which we need to consult on advice is more limited than others. Essentially, that is the composition of the team.

John Biggs AM (Chairman): Unlike all the other bits of the GLA family, you are not driven as clearly by the imperative of best value.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): That is correct, although we still have the same obligations under --

John Biggs AM (Chairman): For each case where you dispose below the market value, you need a dispensation to do that?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Indeed. As you know, we have a dispensation from the Department for Communities and Local Government for up to 30%. The reality, though, is that whilst we clearly have considerations around policy fit, quantum of housing, quality and so on, I would not describe the two as mutually exclusive. Our experience so far is that we have the best proposals from bidders and they have also offered the best price. Indeed, with the exception of one case, we have far exceeded book value on every asset we have disposed of.

John Biggs AM (Chairman): The dispensation is for not all of your land but for most of your land. The dispensation means you can dispose at 30% below the market value without having to go back to the Department. If you want to exceed that, you then need to get an additional dispensation. Is that correct?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Correct.

Simon Powell (Assistant Director for Strategic Projects and Property, GLA): There is an additional limit which is that the differential of that 30% cannot be greater than £10 million, so there is a financial limit to it.

John Biggs AM (Chairman): The land that this applies to is essentially the housing designated land?

Simon Powell (Assistant Director for Strategic Projects and Property, GLA): It applies to all the land where you are delivering on the land Mayoral objectives, so it can be economic development or it can be the provision of homes.

John Biggs AM (Chairman): It does not apply to TfL, LFEPA or Metropolitan Police Service land.

To complete the picture, there is a lot of other land, the Olympic Park land, which sits under the London Legacy Development Corporation. If that did not exist, the presumption would be that that would be a core GLA asset, I suppose.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Correct.

John Biggs AM (Chairman): Do they have a 30% dispensation as well?

Simon Powell (Assistant Director for Strategic Projects and Property, GLA): No, I am not aware that they do.

Gareth Bacon AM: Most of my questions are going to be aimed at the police and fire service, starting with the police. Just a couple of factual things. I tried to note it down when you were saying it, but you talked about 97 properties earmarked for disposal and then another 18 added in, so 115 in total, and you sold 26. Is the £1.5 billion on just the disposal list or is that on the total value of the properties you have?

Jane Bond (Director of Property Services, Metropolitan Police Service): The total.

Gareth Bacon AM: The £550 million capital receipt is just on those 115 properties. What are the reduced running costs you are expecting to make in terms of the revenue budget? You have talked about a capital saving. On the revenue side, how much are you likely to be saving by disposing of those?

Jane Bond (Director of Property Services, Metropolitan Police Service): Over the three years, we are budgeting to take out £51 million.

Gareth Bacon AM: You are going to get a net capital saving once you have reinvested of £200 million?

A similar question to the Fire Authority. As a Member of the Fire Authority, I know what the revenue implications of property disposal are. What is the capital valuation of the buildings that you are looking to achieve?

Sue Budden (Director of Finance and Contractual Services, LFEPA): The value we have put on the ten sites as a result of LSP5 is £50 million. That is obviously not subject to any market test yet.

Gareth Bacon AM: That is just a working valuation? OK.

To both of you, then how quickly are you looking to dispose of your assets? It sounds like the police have made a good start. It is roughly a quarter of the assets that have been sold. Obviously, it is a bit early in the process for you, but how quickly are you looking to dispose, both of you?

Sue Budden (Director of Finance and Contractual Services, LFEPA): Our discussions ended on 9 January, so we have put together a disposal strategy since then. The current plan is to advertise them very shortly and then the speed of disposal will depend on the type of interest that we get. If we were to sell unconditionally, obviously, it could conclude quite quickly. If we were to have subject-to-planning offers that we were very interested in, they would take a little bit longer. We will know more once we have been through that process.

Gareth Bacon AM: How much are you relying on the experience of 8 Albert Embankment in terms of how you are framing this?

Sue Budden (Director of Finance and Contractual Services, LFEPA): Subject to conversations we are still having around the London Development Panel, we are going to put them out in an open way so that we would take what the market would like to offer on them. The experience and the lessons learned from 8 Albert Embankment would come into play if we had a subject-to-planning offer that we wanted to pursue. We would need to think about lessons learned from that and whether

it is worth pursuing that given time and potential complications as opposed to selling in a more straightforward way.

Gareth Bacon AM: Do you have a starting assumption on that or is there a generally open-minded approach to that? Clearly, if you sell a property with planning conditions attached, you are going to maximise the receipt. As you just said, it can be very long and complicated and it can delay the process. Actually, far off into the future, who knows what is going to happen? The value could go down. Nevertheless, the general consensus or belief is that planning permission means a higher return. On the other hand, money in the bank now is worth having. Do you have a starting assumption as to which way you are going to go on each property or is it just a general open mind?

Sue Budden (Director of Finance and Contractual Services, LFEPA): The disposal strategy that we put up in November had a starting assumption for each. There were around five that we said we thought might go subject to planning.

Gareth Bacon AM: The same question to the police, really. What sort of assumptions do you have around the disposal of your estate?

Jane Bond (Director of Property Services, Metropolitan Police Service): We work very much on the basis of maintaining operational performance and effectiveness, so the timing is very much dependent on making sure we continue to support the police. We have timed exit strategies for each of our buildings and the intention is to dispose of those assets as soon as practicable after the exit date. Security reasons to one side, we often find that we will be looking to market for sale a building we are in the process of vacating. If we are able to exit on a Friday, we leave and sell on a Monday.

The driver this year has been to ensure that we have minimised the impact on revenue, so we have sold in batches of four over the last eight months to release the assets and values over a period of time. Some of the disposals have been slightly delayed in terms of our intended planning because of the purchasers that have come forward, so we have had to look at the purchaser's requirements. Certainly, the basis is ensuring that we maintain operational performance.

Within our broader strategy, what we are trying to do obviously is to reduce the estate quite significantly by up to a third. What we are looking to do is to invest in the buildings which are core to the estate going forward and moving teams into those assets in a timely manner, so, again, it is driven by the operational requirements.

Gareth Bacon AM: What about the issue of planning permission on the buildings that you are disposing of? Do you have an assumption on that?

Jane Bond (Director of Property Services, Metropolitan Police Service): We have not obtained planning permission and we have not obtained planning briefs for any of the buildings we have sold to date. The view is very much that in terms of the assets we have sold - leaving aside Hendon [Police College] for a moment - we would like to take the benefit of the market and enable them to look at the opportunities in the future.

Gareth Bacon AM: Could you clarify what you mean by "take the benefit of the market"?

Jane Bond (Director of Property Services, Metropolitan Police Service): To enable developers or those who are interested in acquiring land to form their own views and to undertake their own analysis of what an asset might be worth and what development potential there might be. Going back to the earlier conversation about external advisers, before we go to the market obviously we undertake our own valuation advice. We have a view of what a local authority might be prepared to grant in terms of planning consent and what we think a site might be worth, but we do not go down the route of obtaining those consents, or even outline consents, because we do not want to hinder the market.

Gareth Bacon AM: Just to clarify, the police strategy, then, is to try to sell the properties in as timely a manner as possible but not to hinder the process by waiting for planning permissions to be granted first?

Jane Bond (Director of Property Services, Metropolitan Police Service): Yes. We have used the London Development Panel in the sale of Hendon this year, which has been very successful. Aside from that site, the lot sizes we are looking at have not been down the London Development Panel route. They have been smaller lot sizes, so we have looked to sell on the open market and market them on an eight-week timeline.

In terms of future disposals, the largest of those will be the New Scotland Yard building. We are currently working through our strategy with MOPAC about when to bring that property to market. We are working on the assumption it will be late summer. We will be looking to develop our own MOPAC planning brief, but we will not be looking for formal planning consent or outline consent from a local authority.

Gareth Bacon AM: In the Chairman's opening questioning, it became apparent that there is a very different approach to the property in the police and fire in contrast to TfL. TfL develops its estate in a whole range of ways, whereas you are both looking at disposals. Is there any particular reason why it is disposal and not, say, retention and leasing into the future for both of you?

Jane Bond (Director of Property Services, Metropolitan Police Service): In terms of the police estate and before we put our strategy into place, we looked at how we use buildings and how we utilise buildings. We knew we were underutilising substantial elements of our estate. By defining the core assets and by looking to maximise the use of those, we therefore identified the 97 that we could come out of.

The condition of some of those buildings is such that to be able to lease those out there are substantial amounts of capital investment and works required to them which we just simply did not have funding for. Separately, some of those sites were not in areas of London that we knew we wanted to go back into in the future. We are trying to very much push operational policing to be more interactive with the public and the community so that you can contact the police both physically in person through informal arrangements and more formally at police stations and also through the internet and through technology. We knew those were not assets that we would require in the long term. That, coupled with the amount of investment that would have been needed to bring those buildings up to a standard led us to the conclusion that it would be sensible to dispose of those assets and not retain them.

Gareth Bacon AM: The same question to you, Sue.

Sue Budden (Director of Finance and Contractual Services, LFEPA): Similar points, really. The ten stations identified through LSP5 are now surplus to requirements. It is not our core business to be a landlord in any way and we have no ongoing interest in those sites. The condition point is similar for us, so there are ongoing costs of maintaining them. Certainly, if we were to maintain them in a way that would be suitable for them to be used by other bodies, there would obviously be investment costs. The strategy that we took in November was very much about disposing of them to maximise the capital receipt and to reinvest the properties that we do maintain an interest in.

Gareth Bacon AM: There is a school of thought that disposing of property assets now may mean you do not obtain maximum value. If you hold on to them for two, three, four or five years, land values may change and you might get an increased receipt at some point in the future. Have you taken a view on that?

Sue Budden (Director of Finance and Contractual Services, LFEPA): Yes. One of the things that we want to do through the disposal process is look at overage clauses where, if the size of the development changes, you benefit from that and also look at future profit shares. It was a similar arrangement that we were trying to explore for 8 Albert Embankment, so we would look to take advantage of that. I do not think it is LFEPA's business particularly to be property speculators. We have a strategy that says these are surplus and we would look to dispose of them.

Gareth Bacon AM: The same question to you.

Jane Bond (Director of Property Services, Metropolitan Police Service): Absolutely. It is the same position. When we look to market buildings for sale, we put in overdue claw-back clauses to ensure that we take benefit of future market changes.

Gareth Bacon AM: Chairman, thank you very much.

John Biggs AM (Chairman): You both advise that it is not your core business to be property developers and we respect that, but obviously you are part of the wider GLA family and it may be that there are longer-term corporate land management issues that we can explore in later questions.

Also, from time to time - I know because of my former membership of the Metropolitan Police Authority (MPA), for example, we built various custody facilities. You get an out-of-town site and you build essentially a modern shed with many cells in it and it is seen as a good form of practice. You actually have to acquire property. You do that individually rather than corporately across the GLA family. Do you want to tell us a tiny bit about that?

Jane Bond (Director of Property Services, Metropolitan Police Service): I am happy to. We are not acquiring too much property at the moment. In fact, in the last year we acquired one site in Belvedere for a future vehicle recovery car pound facility. We do work across the GLA in looking at the assets the GLA holds as a total. We regularly update that database and we regularly review that database. If we were to look at future acquisitions, we would certainly go to the GLA database in the first instance to see what assets are available. Through the Single Property Unit discussions and conversations we have, we are also looking at opportunities that each of the bodies are bringing forward to make sure we take benefit where we can.

John Biggs AM (Chairman): That is a developing area of work. Were you to need compulsory purchase, the Metropolitan Police Service does not have compulsory purchase order (CPO) powers but you could use the wider GLA family to facilitate that?

Jane Bond (Director of Property Services, Metropolitan Police Service): Yes.

Joanne McCartney AM: Our friend Brian Coleman [former Assembly Member and Chair of the Budget and Performance Committee] always used to be dead against the Metropolitan Police Service selling off any property on the basis that it was selling the family silver and, once you have sold it, it is gone. I just wondered with local authorities in particular also in the same position - and I have no doubt that with the next cuts we are going to have, for example, more library closures and other services - have you thought about entering some joint ventures with local authorities where both could benefit and services can be preserved but at a smaller cost?

Jane Bond (Director of Property Services, Metropolitan Police Service): That is a slightly broader area of the [MPS/MOPAC] Estate Strategy. Outside of the area of buildings that we know are surplus to need, we are very much focusing on a borough-by-borough basis on how we can work with local authorities and community groups in terms of accommodation. We undertook a review of our local policing model this time last year and the outcome of that was to close a number of front counters. What we have also done is open up a number of contact points. On a weekly basis - and obviously it is for debate elsewhere - we are now taking and sharing accommodation with others.

In terms of the question about selling land or buildings we might need in the future, what we have found is that there are a number of assets that we have retained and, as I said earlier, just have not utilised effectively. Some of our buildings were occupied maybe 20% to 40% of the time and, if we were taking a more financially commercial approach to the use of buildings, you would expect to see buildings used between 60% and 80% of the time. We are not looking to dispose of those assets and impact on operational performance. It is very much the assets which are surplus to need.

There has been substantial investment over the last few years, certainly from the MPA onwards, where we have built a number of new sites and facilities. The Chairman mentioned custody facilities. There are other facilities - forensics labs and others - coming forward, so it gives us an opportunity to rationalise.

Joanne McCartney AM: My question still is about the partnership with local authorities, though. I agree that you have closed down police stations. I now have an officer in my local Morrison's in front of a magazine counter who has to be asked to move every time anyone wants to purchase anything. You also have them in some libraries, but those libraries themselves might be at risk in the future.

Perhaps I can ask Richard, if you do not mind. Is there anything you can do from your end to ensure that MOPAC and others actually come at those wider things? There may well be development opportunities with local authorities where you have joint aims and ambitions which could actually, long term, pay back more dividends for both parties.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Absolutely. It is certainly something we have sought to explore through the Single Property Unit. Clearly, it is a decision for the Metropolitan Police Service, the Fire Authority and others as to what they need for operational purposes. It is not my role to try to second-guess what they need for operational

purposes. Clearly, however, where a site is identified as surplus, we will have a dialogue with the functional body about how that asset is disposed of.

John Biggs AM (Chairman): For every asset disposal?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes. We are notified of which assets are being disposed of and that gives us an opportunity to look at the list and have a dialogue with the functional body about some of those assets. Where a site is to be procured, such as the Hendon site by the Metropolitan Police Service, there was an extensive dialogue with the local authority in that instance. Whilst it is predominantly a residential-led site, there is play space and so on at that site, so we will have a dialogue with the local authority. Indeed, we will do the same with the GLA group assets that we are disposing of and we will talk very clearly with the local authority and take it through the procurement.

In terms of other uses, though, there has obviously been a very active dialogue around free schools with all the functional bodies and there has also been a dialogue about art and community space.

John Biggs AM (Chairman): If I could come back to other little areas that came out of your questions as well, several people here had the benefit of being on the MPA when it existed and I sat on the Finance and Resources Committee which used to receive reports about your disposals. Very often you would have different recommendations, which were all confidential, of course, but it might be an unconditional offer or it might be subject to planning.

That begs in my mind a question about the corporate approach. If it is subject to planning, it could imply a delay. It does beg a question of whether corporately one should be looking for planning before disposal. For the record, Mr Blakeway is nodding negatively, which is fine.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): I am not sure it is the right approach.

John Biggs AM (Chairman): I am very happy for you to say that. I am just exploring this as a possibility. Another observation is that I remember one of the first meetings I had with the City of London Corporation when I was first elected and it became clear that it very rarely disposes of freeholds. It tends to hang on to leaseholds and that is one of the origins of its fabulous wealth, relatively speaking, compared to other local authorities. Again, there is a corporate question we can perhaps explore later about whether long-term interests as against short-term interests are served by different approaches to the disposal of assets and I think TfL is hinting at something in that direction.

I had one final question to the police about Hendon. Most of your sites are relatively small. Hendon is an enormous site and if it was not a police asset, then Mr Blakeway would have got his tentacles around it, I suspect, as a core GLA asset for primary housing purposes. Can you just talk us briefly how the bits of you worked together on the Hendon disposal? It is an enormous site.

Jane Bond (Director of Property Services, Metropolitan Police Service): Absolutely. In terms of the site itself, it is in the region of just a little over 70 acres. It accommodates one of our key call centre facilities, one of the 999 [emergency call centre] sites and 101 [non-emergency call centre] sites. There are a number of other functions that happen in that part of London in support of

training, forensics and operational requirements for policing. The total area in terms of office and training facilities was in the region of 100,000m².

We undertook an extensive analysis of how we were using space and how we could more effectively use space and identified that what we needed going forwards was something closer to 21,000 m² of space, so we developed a strategy to reduce the acreage from 70 acres down to something in the region of 20 acres. We developed proposals in regard to a new building facility and to retain the medical facility and a building separately leased to another police body and developed a strategy for a new build. That strategy in terms of site was approved in principle through MOPAC.

The question obviously relates to what we did with the surplus land and how we released that. Having identified there was substantial land that we did not need in the longer term, we started working with our colleagues in the GLA. The Hendon site is in Colindale and is very key to the London Borough of Barnet in terms of the Colindale Area Action Plan and we wanted to make sure that if we were to release such substantial land, we did so in the right way and ensured that the future development was going to be right and beneficial to that part of London. We worked with the GLA. The London Development Panel had been set up at that point in time and we looked to use that as the route to market to dispose of our asset.

Working with the GLA team and working with the London Borough of Barnet team, we developed the outline in terms of the requirements that we had for the land for the future, taking on board the requirements of Barnet, taking on board the Mayoral requirements, and undertook a tendering process through the London Development Panel. The Panel followed its course and we had eight very strong bids. They were reduced down to four. Simon was quite heavily involved in that piece of work and others were. Obviously, four reduced down to two and the preferred bidder and successful bidder, Redrow, purchased the site earlier on this year.

Simon Powell (Assistant Director for Strategic Projects and Property, GLA): Coming back to one of your earlier comments about whether the agency or organisation seeks to get planning first or get the developer, there was an interesting example where a planning document put together, officer-led, between Barnet and also endorsed by the GLA. It gave some certainty to the developers that were pitching for that opportunity as to what scale of development they could get onsite, so that really helped to drive value.

John Biggs AM (Chairman): That would have been in the form of a planning brief from the local authority?

Simon Powell (Assistant Director for Strategic Projects and Property, GLA): Yes.

John Biggs AM (Chairman): You could have had an outline planning permission as well, I suppose, if you had wanted to, that secured the residential principle. Going to the 'schizophrenia', if you like, in the organisation, MOPAC/Metropolitan Police Service are driven by best value, the core GLA has this potential 30% discount if it is trying to secure other public benefits. The Mayor has corporate objectives which might have been served by the latter approach, but the fact that MOPAC owned the land would have mitigated against that. Is that a challenge or did you find a way around that?

Jane Bond (Director of Property Services, Metropolitan Police Service): Whilst we used the London Development Panel route and whilst we worked very closely with our GLA colleagues in terms

of developing the planning requirements, the negotiations and discussions were led by MOPAC and the Metropolitan Police Service property team. We were very much interacting to ensure that we were following a procurement route and we wanted to make sure collectively that it worked well and that, as this was the first piece of real estate that was being sold through the Panel, we could ensure through the process that it was being managed effectively and working well. It was the MOPAC team that was leading the discussions and the negotiations.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): If I can just add, clearly, the driver for the Metropolitan Police Service was a return on the site. Our driver was that this is a large residential-led scheme and we were very keen that a proper development agreement is wrapped around it with clear milestones to make sure that the site is actively developed within a short timescale. We were able to achieve both. The GLA's role was very much as a facilitator. We did play a role in the evaluation of the bids, though largely we were a facilitator and helped the Metropolitan Police Service to use the Panel, but the decisions were made by the Metropolitan Police Service.

Just returning to this point about securing planning in advance, there is clearly a cost to that. There is also a risk that what happens is that the developer decides to get a new planning consent and we end up in a position where the development is not happening and it so happens that there were about 1,500 homes anticipated by the Metropolitan Police Service previously. Our expectation from discussions with Redrow [developer] is that they will submit a planning application for more than that. Actually, if the Metropolitan Police Service had had that planning permission, we would have had fewer homes developed on that site, which obviously in terms of the wider policy and the pressing housing need would not be as good an outcome. The approach has been right and it will still see that site developed at a very fast pace, which would not necessarily be the case if the London Development Panel had not been used and if procurement had not been undertaken.

Valerie Shawcross CBE AM: I have a question generally on this relationship between the functional bodies. I had a case example when a fire station was being disposed of in West Norwood. A local academy wanted to acquire it in order to expand and create a sixth form. I was not on the Fire Authority at that time, but it seemed to me that the Fire Brigade's procedure was entirely driven by fiduciary duty. What was lacking was that the corporate policy approach from the GLA was not underpinned by the corporate financial interaction. The Fire Brigade pursued the best financial value for that site and the issue of a possible school expansion in an area of demand fell out of the process. They lost out, basically, because they could neither meet the timetables nor the financial competition from the private sector. There was not a mechanism by which the GLA could deliver its own corporate policies, in a way. Is that something that is lacking?

Sue Budden (Director of Finance and Contractual Services, LFEPA): Ben is closer to that, but on the timing, I do not know if the Single Property Unit was even in existence or in a much earlier state of development at that point, but I thought with that one we did give extensions, did we not?

Ben Cameron (Head of Property, London Fire Brigade): Yes. To be honest, the school did not have the resources behind it, which I think is what you are saying, to help it put something together in the timeframe in which we needed to deliver the process. Obviously, we had already bought a site and started to build the new fire station, so we needed to be able to sell.

Valerie Shawcross CBE AM: You needed to move quickly and you needed the money. That is not blame or an accusation. We understand that. What was lacking was a support mechanism, really, from City Hall to pursue a corporate policy of promoting educational facilities, I guess.

Ben Cameron (Head of Property, London Fire Brigade): Yes.

John Biggs AM (Chairman): Ordinarily in London, residential value would trump more or less anything else.

Valerie Shawcross CBE AM: Yes.

Sue Budden (Director of Finance and Contractual Services, LFEPA): It must be four years ago now.

Valerie Shawcross CBE AM: It just seems to work in theory that the Mayor has some aspirations to promote academies, etc, and as a city we have a deficit of places, but in practice there is not an underpinning financial mechanism to trump the functional bodies' financial duties.

Sue Budden (Director of Finance and Contractual Services, LFEPA): No, because that sits with us specifically as LFEPA.

John Biggs AM (Chairman): We are going to look at the Single Property Unit later on. When we do that, we could perhaps use this as an example of how things might have been different if that had existed when this transaction took place.

Valerie Shawcross CBE AM: Graeme, you were talking earlier on about how TfL is moving on disposals to growing the revenue yield from its estate. Can you talk to us a little bit more about that? It might be helpful if you could tell us a bit about how you go about assessing whether you should be going for a disposal, a joint development or a simple commercial lease transaction.

Graeme Craig (Director of Commercial Development, TfL): The way that we approached it was in the spring of last year to look across all of our estate. I had become Commercial Development Director two years ago, tasked with growing substantially TfL's commercial revenue. At that stage, I was less clear than I am now about where we are going to find the money and a lot of what I was doing over the first year was just identifying where we would find the money, what is long term, what is short term, what is high and low risk, what is going to require significant investment and, critically also, what the implications of this are for the organisation. What does it take in terms of an engine to make these things happen? It was in the context of looking to generate long-term revenue with a team for TfL.

For me, increasingly, looking across the network, there were some examples that would make one weep in terms of where we had retained one station and sold off a different station and we might have received a cheque for that, but for the rest of time the wholesale redevelopment of that asset is impacted by the fact that we have done one small deal in a core part or next to a core part of one of our assets.

Valerie Shawcross CBE AM: You can compulsory purchase them back, though. I have seen Network Rail do that, even if it is lease.

Graeme Craig (Director of Commercial Development, TfL): If you are setting off and there are houses being built and if you are doing this for commercial reasons rather than for wholesale redevelopments. There are real life examples of where historically we have sold off individual assets. There have also been individual schemes the end result of which I cannot claim to say I look at with any great pride. There are some, indeed, that were in flight where it comes to the heart of who gets planning. There are some specific examples of where planning permission has been granted for schemes that may have been the right answer for the developer but I am not sure, in and around our infrastructure, it was the right answer for transport or it was the right answer for London.

An emerging thought over the course of a year or so was that, whether we like it or not, TfL is a property company. If you own 5,500 acres of land in London, if you have an asset base worth billions of pounds, you are a property company. We should be more like a property company and we should be more akin to the great estates in London like the Grosvenor and the Crown Estates and others that have retained what they have and invested in it to get a long-term return. That is a different situation from the others on this side of the table because we need those assets. As I said, there are specific examples of where we have sold off elements anyway.

We had this emerging thought. In the spring of last year, we went and looked through all the assets we own. We identified 511 developable sites and worked that down to a shortlist of 200 that potentially could be taken forward. Of those 200, there were 120 that we would struggle to develop over the course of the next ten years, largely for planning reasons or because of the amount of work required upfront. We have settled on 75 that we believe we can take forward over the course of the next ten years. Some of those are ready for development. They are unencumbered operational sites and we could take them forward and bring forward housing and bring forward improvements to stations. Elsewhere, it is currently [train] depot land, for example, and we need to work through a long-term depot strategy for the organisation and/or the implications and costs of looking to deck over a depot, again, to provide amenities and housing that might not be the case.

From the 75 sites, those sites have a current land value. If we were to take them all forward, they have a current land value of £1.8 billion. They are not all going to be developable, but at present we are looking to take forward as many as possible of those sites, some of which will be deliverable in the short term. Somewhere near the top of that list would be a station like South Kensington that we have been trying for 30-odd years to develop. Again, a number of parties at TfL's behest have proposed a variety of rather unsympathetic over-station developments.

Meanwhile, down Pelham Street, which could happily accommodate 20 three-storey townhouses, for the last 30 or 40 years we have had a brick wall and a wooden fence and retail, for example, in South Kensington that bears no relationship at all to the numbers and quality of people who use the station and indeed the quality of the serving asset.

That is a specific example where I would be keen that TfL takes forward planning. I would be keen that TfL takes that forward on the basis of not trying to generate the most money in the short term because that is where previous schemes have failed, but where TfL would be saying that it believes that in consultation with the Royal Borough [of Kensington and Chelsea], local residents groups, English Heritage and others it can identify the right long-term answer for that station and try to come up with the very best it can for South Kensington, something that would be a step-change in the station. It is, again, one of those stations that just at half-term stops working because there is no

step-free access and you get people going to the museums and institutions who struggle up the stairs. It is perfectly possible at that location to come up with a scheme in which a modest degree of development can accompany a substantial improvement in the operation of the station and the introduction of step-free access. From a TfL point of view, slaying the ghosts and dragons of 30 years of failed attempts to improve that station would be an important benchmark. It is one of 75 schemes we would look to take forward.

Given the scale of the assets we have and given the range of the portfolio, some assets will be focused more on delivering operational improvements. Some may be more focused on a revenue-generating opportunity elsewhere. There may not be much money in it, but there may be the opportunity to improve something like Morden, as an example. Just us working with Merton in order to improve Morden is part of what I would like to see happening over the course of the next ten years. We have a large enough range of assets that the drivers will vary somewhat and the mechanisms through which it is achieved will vary somewhat. Ultimately, we need to have a portfolio with a view, but the actual mechanism in terms of how you deal with individual schemes.

The default position I have is that we will take these forward through joint ventures and identify a relatively small number of partners with whom we are looking to take these schemes forward. However, in terms of whether at the end of that joint-venture development you dispose of the properties, retain a long lease or whatever, there are also opportunities for TfL to get more into the private rented sector as a mechanism for generating long-term returns. You end up looking at what the right answer is site-by-site across the network and then understanding what a blend of those things means for the portfolio as a whole.

Valerie Shawcross CBE AM: The answer was that a site-by-site assessment is what you are going to do?

Graeme Craig (Director of Commercial Development, TfL): Yes.

Valerie Shawcross CBE AM: You are aiming for a balanced approach with a mix of different solutions?

Graeme Craig (Director of Commercial Development, TfL): Yes.

Valerie Shawcross CBE AM: The implication was, though, that you were trying to focus more on revenue streams, although you have just described quite a lot of development projects and disposals. At the moment, it seems to me that TfL is relatively capital-rich and relatively much more revenue-poor than it has been for some time. Is that in a way distorting or directing the way you are approaching your asset base at the moment? Are you overvaluing revenue streams or do you think, in fact, what has happened over the years is that that has been undervalued as opposed to the quick fix and sell it approach?

Graeme Craig (Director of Commercial Development, TfL): From a TfL point of view, it is clear that what we should be doing is focus on long-term revenue. That can be long-term capital receipts. That could be long-term recurring revenues. If you focus on the right thing to do in the long-term, generally that is a reasonable starting point. That does not mean that you wait around for ten years and do nothing because you expect the values are going to grow, but if you are understanding it on a site-by-site basis and if you are doing the maths in terms of the right approach for the site and what is

going to deliver the most long-term value for that site, you will generally come up with the right approach to be taken.

Valerie Shawcross CBE AM: There was an implication in what you were saying, Graeme, that you think over the years TfL has underexploited its assets, really. We can all think of a Tube station where the air space just has not been used and you wonder why. For what is a very comprehensive and complicated upgraded programme of work, which is what you are describing here, do you think you actually have the people resources and the teams within TfL to deliver that without coming unstuck and getting overstretched?

Graeme Craig (Director of Commercial Development, TfL): We have nothing like the resource we require, but I am keen that we build the resource. I am seeking to put together a proposal that will ultimately go to the TfL Board which says we have probably just about the best asset base in the country and we have done not nearly enough to exploit it over several decades and there is a fantastic opportunity to be doing more. This is one of those situations where there is no downside. If we can develop our stations working with partners, local authorities and others in order to create housing and create amenities and if at the same time we can improve our stations and if the end result is net receipts that can get reinvested back in the transport system, it is difficult to see what the downside of that is.

Valerie Shawcross CBE AM: We are happy to hear certainly that you have included disability access in the mix of the value to be gained.

There was a quick question about one of the particular joint ventures that is controversial at the moment, although [Sir] Peter Hendy [Commissioner, TfL] is going to be coming to the Transport Committee so we will be asking him much more about the Earls Court redevelopment.

Could you tell us a little bit about how TfL sees itself? Why have you entered into the joint venture with Capco for the Earls Court development from a financial point of view?

Graeme Craig (Director of Commercial Development, TfL): From a financial point of view and the reason we have entered into a joint venture, again, if you go back two years, TfL at that stage was supportive of the development, was looking to dispose of its assets and had an assumption within its business plan of £212 million as a receipt from Earls Court. From very quick work, it was clear that given the scale of development in terms of both what is now Earls Court Village - 27.5 acres - and also 70 acre broader master plan, and given the likely implications in terms of the levels of development and expected growth, TfL could and should, we felt, be a party to that capturing of growth over time. We entered into negotiations with Capco. Those were initially by no means straightforward. Capco was extremely reluctant to enter into a joint venture with TfL. In part, that was because - and I know this will come as a surprise - Capco had a concern that TfL might be a somewhat bureaucratic and slow organisation, unwilling to operate --

John Biggs AM (Chairman): Perish the thought! Can we note in brackets, "Chair's irony", at that point?

Graeme Craig (Director of Commercial Development, TfL): We managed to convince them that that was the only deal we would do. We are now a minority shareholder of 37%. The percentage shareholding was based on our respective interest and takes into account to some extent the work

Capco had already done and the money they had spent and other land they had acquired. At the end of our negotiation, we became a 37% shareholder.

Part of what we need to do is to gear up to be a minority shareholder in Earls Court. It is a major development. We need to be in a position where we are participating. It is not about simply me and my team ensuring we protect TfL's interests. If we are as we aspire to be, then we need to be in a position where I have people in my team who are able to sit down with architects, engineers and others and help to create value and ensure we have the right scheme in the long term, working with Capco. We are a minority shareholder, but it does not mean we are a silent partner. From my point of view, it is the single biggest commercial opportunity we will have certainly over the course of the next ten years.

Valerie Shawcross CBE AM: I do not know an awful lot about it, but that opportunity is something you have been working on before you actually have your upgraded functionality in place?

Graeme Craig (Director of Commercial Development, TfL): Yes.

Valerie Shawcross CBE AM: Do you think in hindsight it would have been better to start looking at that project at a later date? It has appeared during a period of transition and you are not there yet. Is that what you are saying?

Graeme Craig (Director of Commercial Development, TfL): The timing was not mine to choose, but given the scale of opportunity I am sure that it was the right thing for TfL to enter into a joint venture with Capco and for TfL to capture the increase in value over time. At the moment, I have to prioritise Earls Court.

The danger is that we are not sufficiently resourced in order to manage the other 74 sites. Part of what I need to do is to understand both in the long term and the short term how we take forward those 74 because, for me, it is not just about Earls Court. There is a fantastic range of schemes and I am more than happy to come back at some point in the future and talk through what those schemes are. There is a fantastic range of things that we can do that would be transformational across London.

Valerie Shawcross CBE AM: There will be the fallout from the Fit for the Future programme as well, which we have discussed here previously, with the commercialisation of some of those ticket office-type areas.

A last question. Is TfL considering other joint ventures? Do you have anything else on the books specifically at the moment to increase its commercial income, anything major? We have talked about lots of smaller locations, but is there anything else brewing that we can know about?

Graeme Craig (Director of Commercial Development, TfL): For me, it generally falls into short-term things we are doing that will generate reasonable amounts of money and longer-term opportunities. The longer-term opportunities are the larger opportunities, the ones you would expect: South Kensington, Old Street, Golders Green, Baker Street. There is no shortage of sites.

Valerie Shawcross CBE AM: There is not something specific that you would want to mention as coming up?

Graeme Craig (Director of Commercial Development, TfL): At the moment, we have gone through the exercise and we did find 75 and we have prioritised 75.

Valerie Shawcross CBE AM: What is top of your 75 list, then?

Graeme Craig (Director of Commercial Development, TfL): In terms of value, it is Earls Court and then probably South Kensington comes next in terms of schemes I am keen to do. There are other schemes like Camden, where, again, the station does not work. We are working with London Underground.

Here is a nice example. We have actually acquired a property in Camden that adjoins the station and that we were able to acquire on the basis of there being a future development of the station. The cost of the acquisition is covered by the reduction in risk and the reduction of cost to the subsequent project. TfL effectively at net cost is able to acquire land commercially that can then be used to de-risk the development of a station that also then TfL can subsequently commercially exploit. Those are the sorts of things we should be looking to do across London.

Valerie Shawcross CBE AM: Just a general professional question about this kind of joint venture. Do you think there is an economy of scale in terms of the capacity you need as an organisation to be able to deliver it? I am thinking of the recent crash-and-burn of the London Fire Brigade's Native Land [development firm] project for the old headquarters, which we were all involved in. By comparison to TfL, the London Fire Brigade is a much, much smaller organisation. Ben [Cameron] just said she has three people who do this kind of asset work. If you are a small organisation, do you think that you should not bother to try to do this and that you need some kind of staff resource base of a significant size to manage it properly?

Graeme Craig (Director of Commercial Development, TfL): It is largely driven by the scale and type of assets you have. TfL, from a property point of view, has been under-resourced for too long and will have to invest in having the right systems, the right processes and the right people in order to take these things forward. It is not worth entering into all the complex negotiations required for a joint venture. It requires a scale of site to make a joint venture worthwhile. You have to be taking a view as to what is happening in terms of value. You have to identify the right joint venture partner. It is a not-insubstantial undertaking.

Valerie Shawcross CBE AM: My question, which is not meant aggressively, is actually, within the GLA family, should a small functional body actually be taking the lead on developing a joint venture? Should these resources be pooled?

Graeme Craig (Director of Commercial Development, TfL): We have. We talk more than we ever have done.

John Biggs AM (Chairman): A little bit.

Graeme Craig (Director of Commercial Development, TfL): We talk a lot. We have a Single Property Unit. I am not sure that we have an effective single approach across the GLA family because I am not sure that our portfolios are aligned. I am not sure that our objectives are entirely aligned, for good reasons. The important thing to do is to understand that even if there is not - and I do not

think there ever can be - a single strategy across the whole team, you have to make sure the strategies that are in place reference each other.

Valerie Shawcross CBE AM: It is all right, Graeme. I am not really talking about strategies. I am talking about staff capacity, really, and expertise and what machinery you need to deliver these things.

Graeme Craig (Director of Commercial Development, TfL): On specific examples, TfL provides the compulsory purchase skills across the portfolio and that is a real-life practical example where, if you have a core element of expertise, it can be exploited.

Valerie Shawcross CBE AM: Thank you.

John Biggs AM (Chairman): I have a couple of questions, if I can indulge myself as Chairman. There is a nice picture in the paper today of a python that has just eaten an alligator. I am looking at Rick Blakeway potentially as the python and TfL potentially as the alligator. Presumably, you are in a real partnership with TfL on this stuff?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): There is definitely a lot more dialogue, more than there has ever been. In this second Mayoral term, there has been a real focus around co-ordinating the activities within the property portfolios of each functional body. There is an extensive discussion with Graeme and he has taken us through every stage. We have been able to come in on specific sites and as it goes forward we will, certainly around the disposal of some of those sites, get quite involved in that.

Graeme Craig (Director of Commercial Development, TfL): Yes.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): I am not sure. There is not a separation here. There is a lot of dialogue. You are a bit suspicious of my answer.

John Biggs AM (Chairman): I am always suspicious when my man is not the Mayor.

Valerie Shawcross CBE AM: And when he is, actually.

John Biggs AM (Chairman): Yes, that was the other area of suspicion.

Our briefing tells us that TfL is currently drawing up a new property strategy. If I was a cynic, I would say that Graeme's presentation said that TfL's property strategy is to do whatever it wants, wherever it wants, however it suits it. Is there a property strategy in formation and where are we with that? I am not a cynic, by the way.

Graeme Craig (Director of Commercial Development, TfL): We will have a property strategy in the summer and, critically, the outputs of that property strategy will feed into the next iteration of TfL's business plan. That will include the requirements for resource and other support in order to make it happen.

John Biggs AM (Chairman): That is a slightly Delphic reply. There will be one and it will do everything we want it to do?

Graeme Craig (Director of Commercial Development, TfL): Yes.

John Biggs AM (Chairman): Maybe the Committee would like to look at that at some stage alongside the Transport Committee. Richard will play a very intrinsic role in ensuring this strategy is formulated with his able assistant, Simon. Yes?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes.

Simon Powell (Assistant Director for Strategic Projects and Property, GLA): Yes.

John Biggs AM (Chairman): Everyone is agreeing with everyone. That is very helpful. Another question, then, which is about bus garages. Before you came along, Graeme, TfL or the Government got into a pickle because the privatised bus companies ended up flogging bus garages which operationally would be in core locations. I take it that the core purpose of TfL will not be diluted by development.

Graeme Craig (Director of Commercial Development, TfL): Not one jot.

John Biggs AM (Chairman): Obviously, if I was an official of the National Union of Rail, Maritime and Transport Workers, which I am not, I would say the commercialisation of former ticket offices might be an example of how you would be diluting operational purposes. Are you licking your lips at the prospect of putting retail into ticket offices?

Graeme Craig (Director of Commercial Development, TfL): That is not the way I would characterise it. Part of what I am looking to do is to understand how we make the best use of stations as a whole.

We have started to roll out click-and-collect in car parks. We have 62 car parks and there is a fantastic opportunity for us to be able to allow people to order things on the way into work in the morning and pick them up on the way home. A sensible place to start is to offer that within car parks. Subsequently, it would make sense to bring click-and-collect into stations, but there is an example of where the last thing you would want is for a station to stop functioning because you have a queue of people trying to get their groceries on the way home. We would not be looking to bring things like click-and-collect into stations let alone into former ticket offices until we are absolutely sure that it is going to work.

More broadly, there are lots of opportunities at our stations that are not dependent on ticket offices. In general, what makes most money for us is advertising. Advertising makes massively more than retail. At the moment, there is too much advertising. It can be a bit 'shouty' and our stations can be a bit cluttered, so having fewer, more prime sites for advertising and understanding how that can sit alongside retail and also at particular stations left luggage, business lounges, vending. There is a wide variety of things that we could do.

We then start to go beyond that and say we have on the Underground alone 270 stations and the right answer will be station-by-station across the network. Part of my job is to understand how you can create space in and around stations, whether that is car parks or making better use of back-office space or developing stations, but then you have the ability to ask what the right answer is for that

station. The right answer could be retail or it could be click-and-collect. Equally, it could be a local library, a crèche or cycle parking, a post office or a police station. There are myriad different things we could do in part because they can generate money and in part because they can help to bind those stations into the areas they serve. We can take a long-term as well as a short-term view as to how we make the best use of the stations. We are in a fortunate position in that those stations that have more space are those ones that tend to be lying further out. That is where there is the most we can do in order to think more creatively than we have done about the best use of that space, think about them as being more than places where people get on and off trains and understand how we can create the greatest amenity that we can from that space. Given the footfall of stations, it is an obvious logical place for community help-type activities to be.

John Biggs AM (Chairman): Implicit in your answer, then, is that assuming ticket office closures substantially go ahead - and I know there is a bit of a pause on that - many of these outer London stations will have property assets which will become available for other uses and you are actively considering what those other uses would be.

Graeme Craig (Director of Commercial Development, TfL): 'Actively considering' would make it seem as if it was a higher priority than currently it is. There are more than enough other things for me to be focusing on without getting too excited about when ticket offices might become available.

John Biggs AM (Chairman): Your property strategy will talk about public purposes as against commercial purposes, for example?

Graeme Craig (Director of Commercial Development, TfL): Both.

John Biggs AM (Chairman): An example I have used before is at one of my local stations. I have moved around a little bit. There was newsagent kiosk and I used to get my paper there every day and a packet of chewing gum or whatever. One day, the guy who ran it, whom I had known for many years and who knew I was a local representative, said, "I am closing because TfL has slapped up my rent to a higher commercial rate", which is fine. That is how you operate a business. Then it closed and it was closed for about three years after that and presumably no rent was collected during that period. It opened as a drycleaner and that then closed. I am not too sure what is happening there now. It was a coffee shop briefly but that closed, again. You could end up defeating objectives and defeating a traditional public purpose through commercialisation. Is that a risk?

Graeme Craig (Director of Commercial Development, TfL): It is a risk if you do it badly.

John Biggs AM (Chairman): This was before you came along, so it was done badly.

Graeme Craig (Director of Commercial Development, TfL): What we historically had done was to advertise when sites became vacant and whoever met the rent we had would get the unit. You ended up with stations where you had multiples of the same thing or those basic amenities that people had were not met. It requires work, but you need to have a merchandising mix and a tenant mix where you are identifying the right combination of things for that station. The individual components will be broadly the same, but then you need to work through what is the right answer for that particular location, in part influenced by the people who are using the station and part influenced by what is around about it.

We have done work on what it is that people want most in their stations. Then we are able to use that analysis to be able to say at individual locations, if there is space of 150 square feet, this is what goes in or, if there are 450 square feet, then these are the range of options that you have. That is exactly, I think, as you would expect. Increasingly, again, we are not focused on, and we are seeking to move away from, fixed rents to turnover rents where depending on the amount that someone makes we then share on the upside or share in the pain if they are less successful.

Also, just to address one point lest anyone raises it, it is not about getting rid of sole traders and independents and bringing in Tesco's, Sainsbury's, Waitrose and the rest. There is more opportunity for more high street brands to work with us, but it is important also that those locally beloved people on our estate should continue and they have to form part of the mix. Even where they are there, however, we have to make sure we have higher quality. Too much of the retail we have is shoddy and unpleasant and it does not provide the amenity. Where there are independent traders, there are standards and those standards will have to be met, but we can work with the traders in order to enable them to achieve that.

Joanne McCartney AM: Two questions. If I take a station, for example, such as my local Southgate Tube station, it is a bit shabby. There is retail there. Will your strategy enable you to have the funding to do the investment or, a bit like MOPAC and LFEPA, you cannot do that until you sell the other properties to pay for it?

Graeme Craig (Director of Commercial Development, Transport for London): Southgate is not one of our 75 in terms of major development.

Joanne McCartney AM: I mean in general terms, using that as an example.

Graeme Craig (Director of Commercial Development, Transport for London): Southgate is a great example in the sense that it is a Grade II listed Charles Holden [architect] station with beautiful architecture and less pleasant on the inside than it should be. The station itself has far too many small rooms. There are things you could do, not particularly capital-intensive, in order to improve the quality of what is there.

Southgate is one that we did look at in terms of whether there is an opportunity to develop them more broadly. That seems more difficult, so it therefore falls away from the property development into more asset management. I have talked about 75 schemes that we want to take forward for major development. There are many hundreds that we should be taking forward from an asset management point of view.

On a long list, part of what we want to do is, say at stations like Southgate, we need to have people in greater numbers than we currently do who are in a position to understand what is the right answer for places like Southgate and how, in a reasonably non-expensive way, there are substantial improvements you can make to those stations. It is not about knocking it down and starting again, particularly when you have great architecture that is there already, but you can do a lot more in order to improve them. It is improving the cleaning. It is improving the lighting. It is improving the look and feel of the station, including working with the right retailers.

John Biggs AM (Chairman): Why not flog it and lease it back, then? You could get the creative hand of the private sector which, I am sure, could do far better than the dunderheads in TfL.

Graeme Craig (Director of Commercial Development, Transport for London): I come back to what I said earlier. Given the numbers of assets that we have and given the value of assets we have, we may not have the processes and people at the moment. However, we need them. We should be doing this stuff and not going to be passing it over to someone else and trusting someone else to run our station assets for us. That is never going to work.

Joanne McCartney AM: Outside the 75, will the rest form part of the strategy or development?

Graeme Craig (Director of Commercial Development, Transport for London): Yes.

Joanne McCartney AM: Will there be a *pro rata* list for other stations?

Graeme Craig (Director of Commercial Development, Transport for London): We do not have a list at present, but we will need one.

Joanne McCartney AM: My second question, then. We talked about housing versus commercial development. In another committee we have looked at the future of local high streets and how fragile they can be. It seems to me that if you put a Sainsbury's Local or Tesco Express in one of the stations you could actually do harm to a local high street that is really fragile. I am just wondering whether that is taken in to your consideration as well.

Graeme Craig (Director of Commercial Development, Transport for London): As it happens I had a conversation last week, let me say, with a Member of Parliament from North London. They from North London were interested in whether it would be possible for a number of local traders to come together and between them occupy space in our station so they could have a click-and-collect but a local one where between them they man the space in the station and give people the opportunity to get from their local beloved retailer food on the way home. That is the sort of thing I would love to try. We have a large enough network to be able to try it. The answer will not be the same everywhere across London.

However, there are fantastic opportunities for us to come up with innovative ways of working. It does not help me, it does not help the transport network and it does not help London if what we are doing is using our stations to put further pressure on the high streets. It should be perfectly possible for us to work together.

Joanne McCartney AM: You have not exactly answered the question there. Will it factor in your commercial decisions? It strikes me that the Mayor, for example, in his Outer London Fund is giving money to revamp some of our high streets. If the Tube station at the end of the high street is taking business away, I am just wondering what the balance is between that.

Graeme Craig (Director of Commercial Development, Transport for London): Sorry, in coming up with the right answer station-by-station, it is absolutely not the case that we think only within the red line of the station. In order to work out what is the right thing for the station, you have to understand the context of the station. It is not about doing things that we are doing to the detriment of the area around the station. These stations work best when they are connected in, more strongly than they are at present, to the areas they serve.

Joanne McCartney AM: Is it an issue whether the criteria is explicit in your strategy and then whether there is an overarching strategy from the GLA that sets this out, which was going to be a question on my lips.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): In terms of the overall approach, clearly, we pushed housing very hard. Free schools have also been heavily promoted. It is absolutely fair to look at the balance of retail and how that fits locally.

It is fair to say that with Graeme's work so far he has reached the stage where the list is identified and what is marketable now is identified. There is obviously now another stage of work to look at those individual sites in more detail. I am sure what you are suggesting about its fit in the local high street will be taken into account. It is certainly something that we will propose to TfL.

John Biggs AM (Chairman): You have provoked me to ask another question, Richard. Say Gareth Bacon Property Development came along to you and said, "For Southgate station, I can guarantee you that you are going to keep it as a station and have a ticket office if you want one and access and your staff will have facilities, but I can take it off your hands and make it into a far more vibrant retail hub which would not interfere with the transport operations". You are saying implicit in your policy you would reject any such approach?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes.

John Biggs AM (Chairman): Okay, that is very clear. So, Gareth, it is not going to work. The other half question, then, is about Crossrail, which is not here today, and whether it has factored retail in to the small number of new stations that they have been building. In fact, many of them they share with you, such as Whitechapel. Is there an approach to that which is maximising or optimising the revenue potentially from commercial activities?

Graeme Craig (Director of Commercial Development, Transport for London): We are working with Crossrail. Lots of decisions on Crossrail design were taken several years ago. Not all of those decisions are necessarily ones that we would take now. However, within the constraints that have been set, we are working with Crossrail on what we can do in order to maximise commercial opportunities.

John Biggs AM (Chairman): That may be a tantalising question to explore elsewhere. Can we ask for the list of the 75, by the way? You could send it to us outside the meeting. I am sure that is available.

Darren Johnson AM: How does the GLA's approach to property assets and disposals compare to those of MOPAC, LFEPA and TfL?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Most of our assets are for development purposes, not operational purposes. There are a few notable exceptions to that. The National Sport Centre (NSC), for example, at Crystal Palace is one of the few very clear operational assets that the GLA has.

Darren Johnson AM: Do you intend to retain control of that and your share in ExCeL and so on or are they up for disposal as well?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): There are lots of different things in there. Insofar as the NSC is concerned, it is on a 125-year lease from Bromley Council. It is absolutely our intention to retain that. We are in the process of appointing consultants to look at the future of the Centre and how it can be improved because you will be aware that there is a lot of space which actually is not used within it at the moment. In the meantime, Greenwich Leisure Limited is appointed, as you know, as our operators for the remainder of this Mayoral term until 2016.

On something like ExCeL, it is more complicated. ExCeL is our largest income generator. The GLA gets circa £3 million of income from its assets, about a third of which is ExCeL, so it is a significant source of revenue for the GLA.

There is a wider discussion about our future in the Royal Docks regeneration. At the moment, we are very focused on developing the sites at Silvertown Quays and at Royal Albert Dock as well as elsewhere. There is some housing at Notting Hill and so on at Galleon. We need to look at the whole of the future there. However, at the moment, I do not envisage that we would want to forego what is £1 million of revenue.

Darren Johnson AM: Going back to the Chairman's earlier comparison with the City of London Corporation and how it has been able to build up incredible wealth through retaining freeholds and leasing them, presumably that same approach is applying to ExCeL in that you want to retain the income?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes. This is interesting. I would just like to dwell on this very briefly.

As I said at the outset, the GLA's landholdings are formed from three bodies, predominately. For the most part, if you were to look at it on a map - and indeed, we can give you a map of them - they are not strategic in terms of how predecessor bodies acquired those sites and the position we have ended up inheriting there. We own everything from a half-acre in Branch Road in Tower Hamlets through to the dock bed in the Royal Docks. It is quite a diverse collection of assets.

There are three exceptions to what I would describe as quite a mixed and varied portfolio, which is largely un-strategic in terms of all their locations and concentrations. There are probably three exceptions: our employment-led land in East London around Dagenham, the Royal Docks where we have about 200 hectares of ownership and a clear concentration of land in Greenwich Peninsula where we have a long-term partnership with a developer.

After that, it is a geographically spread mix. We have a lot of hospital sites, about five hospital sites, as you will be aware. However, again, quite a mix, everywhere from Tower Hamlets to Croydon, so a real mix. That contrasts very differently, therefore, to the City of London Corporation or to the Crown Estate or to these other bodies that have built up a land portfolio which is more geographically concentrated. For the most part and a lot of the assets I have talked about, possible sites and all that, they do not generate income. Indeed, many of them have significant state management costs associated with them.

Going forward, there is a big question about what we do around the Royal Docks, because we do have a concentration there. There is a big question about what we do around Dagenham and Greenwich

Peninsula. For the remainder of the sites, disposing of the freehold is the right thing to do because it will produce better value for us. We have no other land interests in the surrounding area, for the most part. We have no prospective income generation from it. Obviously, we will have provisions to make sure that we get overage and so on. For the most part, there is not a case for a long-term interest from the GLA.

That may change in the future, looking at the GLA's role. Certainly, if the GLA were to look at acquiring assets in the future, then we would very much focus that around a spatial strategy. Housing zones, for example, is one of the things you could consider if you have ten housing zones, us taking a land interest. However, that is driven by a whole load of other interests in terms of developing that area. It is very spatially driven, which was not the case with the portfolio that we inherited. The portfolio we inherited, as I say, is very mixed.

Darren Johnson AM: You are talking about having an exit strategy in place for most of the holdings by 2016.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): The developer portfolios, yes.

Darren Johnson AM: However, there will obviously be exceptions to that, you are saying, where the GLA will want to retain a long-term interest?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): That is correct. An exit strategy does not necessarily mean that we have disposed of it by 2016. If you like, we have an exit strategy for Greenwich Peninsula. For that we have a development partner in place. That will be a development that will take many, many years to build out. It is 10,000 homes and commercial space as well, so it will take many years. An exit strategy does not necessarily equate to disposal by 2016.

What we clearly need to know in this Mayoral term, though, is what we intend to do with those assets. At the moment we are well ahead of track to achieving that. About 85% of the GLA's portfolio or 660-odd hectares is now either developed, in a development agreement or being actively marketed. We are well on track towards 2016, given we are in the early part of 2014. For the remaining 15%, much of that will come to market during the next financial year. We have clear ideas. They are just not formally marketed yet on the majority of the remaining 15%.

In this Mayoral term most of what you will see, therefore, is us determining what the purpose of that asset is, getting it to market, getting a development agreement in place and where it does not have planning consent - some of our sites did when we inherited them but many do not - proceeding to develop loans. Starting this year but more towards the end of this Mayoral term, you will start to see ground breakings, infrastructure and activity post-planning on those sites. The next Mayor will be in the enviable position of cutting lots of ribbons and seeing homes being completed. In this Mayoral term a lot of our work is the heavy lifting to get a development partner in place and get the planning in place.

Darren Johnson AM: What sort of exit strategy are you considering for the 40 properties you have categorised as having limited marketability?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): For the 40 properties which have limited marketability, it will vary.

Darren Johnson AM: Give us an example of some of those.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): One of those sites that you are referring to is Dock Water. With Dock Water, as you know, we are currently conducting procurement for the development of part of Royal Victoria Dock. We will have to see how that goes. We have a shortlist now of two bidders for that site. Clearly testing the development of the dock bed is still at the early stages. What then happens to the remainder of the dock bed gets a lot more complicated because you have the Regatta Centre, Royal Albert Dock and so on and you have flight zones for City Airport we need to consider. However, there is an initial bit of activity to develop some of that dock water in Royal Victoria. There is a commercial space which is occupied by a charity in Tooting. I think it is the Trident Business Centre which is occupied by a charity. There is not an immediate development opportunity there. We have a charitable occupier. I think it is status quo with that.

Darren Johnson AM: Is that an option for some of the holdings that you own, some sort of community venture like that or land trusts and so on? Is that something that you are actively looking at rather than a straightforward commercial disposal?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes, but just to finish on the 40 that we have, there are very good reasons why those are not very developable. Where we are at the moment, there is a lot that is very developable and our effort and time should be focused on making sure that is happening. That is where our resource is going at the moment.

In terms of an engagement with the local community, again that is still compatible with securing a development partner. You will be very aware, for example, that we have the East London Community Land Trust which is taking the intermediate housing on St Clement's. The scheme will be developed by a private developer, Galliford. It will have a housing association for the rented homes but the intermediate will be held by a community land trust. Indeed, the freehold will transfer to a community body. Just because a private developer is developing, it does not mean it is to the exclusion of any community involvement.

Darren Johnson AM: Could that be a model for a significant part of the holdings, do you think?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Potentially, and we will always give it consideration, but it will not necessarily be the right approach on every site. For example, obviously a lot of community engagement is organic and it will not necessarily exist in every part of London.

Darren Johnson AM: There may be the possibility of deals with local authorities on social housing and so on as well, given local authorities now in around half the boroughs in London are actively involved in building new council housing for the first time in decades. There could be opportunities there?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): It is certainly correct to say that about half of London local authorities are being funded by the GLA and active in

development. There are some circumstances where we have worked very closely with the local authority around their landholdings. Haringey Heartlands is a good example of that. We have a 19% interest. It is that special grid that is the majority landowner. However, that 19% interest relates back to our work with Haringey Council. We will obviously work closely with local authorities and indeed we are.

Darren Johnson AM: Part of the deal could be actually giving them land rather than simply funding, could it not?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): I do not see a case for the GLA transferring its land to another body when it could do the job itself. Transferring it would have tax implications. It would obviously delay the development of the site. Clearly, we can do this ourselves.

Some local authorities may want to partner with someone and bid for a site, which is perfectly possible. In most instances, local authorities, including those that are doing their own development, are looking at using the London Development Panel. We have nine boroughs signed up to the London Development Panel, for example, and they are actively using that themselves.

Darren Johnson AM: How active will the GLA be in acquiring land over the next two years and beyond that?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): It is something which we are actively looking at. In particular, it is something which we will look at around housing. We will say more on that during the summer. There is a potential case for us to do it. However, there are a number of considerations on that and one of those considerations is to what extent we can work with other public landowners and why you would have a public body intervening there. There is a case but it will be very spatially driven compared to previous strategies. English Partnerships, for example, had a strategy of acquiring National Health Service (NHS) hospital sites which we are now developing. I do not think we would have same approach of picking one bit of the public sector and just acquiring assets from that.

Darren Johnson AM: You are going to be more geographically focused?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Ours is more spatially driven going forward where we might have acquisitions.

John Biggs AM (Chairman): By spatially, you mean for land assembly purposes?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): There are a number of things. We would find an area of London and focus around that. That is the purpose of housing zones. We could use our land assembly powers, we could use our CPO powers or we could acquire land. There are a number of different things which we can do in terms of using our land more.

The other important point is that clearly there are a number of Whitehall bodies which are under pressure from the Government to dispose of assets. We might not necessarily acquire those assets, but certainly what we are doing is working with those bodies around the disposal of those assets. That includes the NHS, for example, which is probably the largest single opportunity that we have in

London, as well as others. Even if we do not necessarily own the title to the land, we could still help facilitate and build around it a proper disposal and procurement mechanism. That is something we are actively doing. We had a meeting with a number of NHS Trusts on Friday, for example. We are looking closely with NHS Property Services. We have St Bartholomew's Hospital signed up to the London Development Panel. There is a lot of work happening there which does not necessarily mean we have to own the asset.

Just quickly, also going back to your previous question about affordable housing, it is also important to recognise that affordable housing will be developed on these schemes and obviously it is subject to planning. It does not necessarily have to be owned by the local authority for affordable housing to be delivered on it.

Darren Johnson AM: Finally, you did say that this Mayor is doing a lot of the groundwork that will not be realised in this term but that a future Mayor will oversee the actual completion of. If that is the case, why did the core GLA not have a property asset strategy until last November?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): As you know, the GLA itself only had the assets transferred to it in 2012.

Darren Johnson AM: We were fairly clear of the intentions of the Government in terms of housing, the LDA and so on from 2010. We have had time to prepare for this at City Hall, have we not?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes, that is absolutely right. We have always been very clear about the Royal Docks regeneration, for example, when it was at the LDA and there was a lot of dock work done by the LDA. We have always been clear about wanting to achieve housing outcomes on public land. The Mayor has been very clear and very consistent from the outset of his Mayoralty about that.

Clearly, though, we did not actually own many of these assets until 2012. Since then, we have been extremely proactive around disposing of those assets. You have seen sites like Catford, Greenwich Hospital and Trenchard House all going through. This year, you will see a large number of ground-breakings taking place. Last week, the ground-breaking happened on Lymington Fields, for example, in Barking, which will deliver 480 homes. You will have ground-breakings on St Clement's, on Queen Elizabeth Hospital, on Newington Butts and on Catford, all happening this year. All I am saying is that clearly most of these schemes, though, will not be completed until the next Mayoral term.

Darren Johnson AM: Yes, I understand that and I know that ownership of the sites did not come until 2012, but surely you could have been working up a strategy on this before November.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Darren, we clearly were. Clearly, prior to transfer, particularly after the Localism Act was on the statute in 2011 and indeed the HCA and LDA and others were located in the GLA, we were actively working around asset disposals. It is unfair to say that we have only started to do this in November. If you look at actually what has been happening in the market, the disposals that we have been doing and the deals we have been signing, much of that activity precedes November. This has been ongoing work for a long time.

Simon Powell (Assistant Director for Strategic Projects & Property, GLA): Since the Mayor inherited the land¹ in April 2012, in the first 18 months we disposed of 137 hectares of land which has a gross development value of circa £3.6 billion. You can see that clearly a lot of activity was happening.

Darren Johnson AM: We will be following many of these things up through the Housing Committee later this month anyway.

John Biggs AM (Chairman): The strategy you have mentioned talks about how you are going to manage all these hundreds of acres or hectares of land across London. It is eight pages long. Length is not necessarily a test of its virility, but there are quite a lot of complex issues here and yet you feel it is enveloped in an eight-page document without much detail, as far as we can tell. Interestingly, the Committee has not had a chance to look at it in detail because it was not published until yesterday. Can you tell us a bit about that?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Certainly the individual schemes are very complex and I have many associated documents to those. If you were to look at the Royal Docks, for example, there are a large number of related documents around the 'Strategy on the Royal Docks', 'the Ambitions for the Royal Docks', the 'Progress on the Royal Docks' and the 'Planning Framework for the Royal Docks'. There are a number of accompanying documents which may not be repeated in this eight-page document but do exist, are publically available and are open to scrutiny. Clearly, as sites come forward, there will be documents published with them which people will be able to look at and scrutinise, particularly when we are reading procurement and there is lengthy documentation around many of the procurements that we have. The planning frameworks or the planning briefs we are publishing with the agreement of the local authority and so on. Your reference to eight pages is a consolidation of the activity but there is clearly a lot of documentation about that.

John Biggs AM (Chairman): It is not really a strategy, then, if it is eight pages long. It is more of a brochure.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): The strategy is very clear. It is to have an exit outlined on all of our sites by the end of the Mayoral term and so on.

John Biggs AM (Chairman): Essentially, it is driven by an ideological imperative which is to flog the land and, unless there are good reasons to acquire other bits of land, it will all be gone?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): I do not think that is a fair characterisation.

John Biggs AM (Chairman): All right. I am here to test you. Come on.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Indeed. It is driven by the recognition that many of these assets should never have ended up with the GLA.

¹ From the LDA, HCA London and London Thames Gateway Development Corporation – clarified by Simon Powell following the meeting

John Biggs AM (Chairman): Really?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): No, because they should have been developed many years ago. A site like Queen Elizabeth Hospital stopped offering health services in 1995. It is not right that it was left to the GLA last year or in the last couple of years to appoint a development partner and get planning on that. That site should have been developed far sooner.

John Biggs AM (Chairman): By the NHS?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Whether it was by the NHS or predecessor bodies could be debated, but the reality is that that is a site which should not have actually transferred to the GLA because it should have been developed earlier. Just very briefly, I do not think it is an ideological imperative. It is a recognition that if you have a portfolio which is intended for development purposes that has not been developed, it is absolutely right therefore that we are very clear and very active to get those sites developed so that they create jobs and bring new homes to London. If we did not do that, your question would be: "Why is the Mayor sitting here and not developing those sites?"

John Biggs AM (Chairman): The day after the GLA was elected in 2000, Ford announced it was going to stop manufacturing vehicles in Dagenham and the LDA in its wisdom at the time acquired loads of land from Ford at knock-down prices which we are now talking about developing. Would you have adopted a different strategy?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): No, I recognise that that is clearly one part of London and one part of the portfolio where there was a clear strategic reason for acquisitions there. There has been some real success there. You have seen the development of the London Sustainable Industries Park. You have seen the centre for engineering and manufacturing excellence and other things happening which have been a real success. We are actively at the moment looking at bringing forward a lot more of the Beam Reach sites for development and appointing a development partner. We will shortly begin an European Union procurement programme for that. Notwithstanding that, we will also hopefully - subject to Mayoral approval - have three new occupiers on those Beam Reach sites, which is very good news for jobs there locally.

Going back to your question about our future land holdings, one of those major sites there is Beam Park at circa 80 acres. Adjacent to it is the stamping plant. As you know, Ford has announced it is closing the stamping plant. We believe that Beam Park should be residential land, but there is a real employment potential on the stamping plant adjacent to it, so we are in conversations with Ford about how we might put those two together.

John Biggs AM (Chairman): OK. Do you see the London Enterprise Panel acquiring land?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): No.

John Biggs AM (Chairman): Or advising you to acquire land?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): I am sure the LEP will be supportive of our activities in the market if we do look to acquire land, but the function of land clearly sits within the GLA, not with the LEP.

John Biggs AM (Chairman): In terms of economic regeneration, then, the LEP may recommend land acquisitions and you may --

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): That has not been mooted so far.

John Biggs AM (Chairman): OK, but ideologically you are probably not disposed that way?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): No. We are interested in continuing the land role beyond this portfolio and we are actively looking, for example, on what that land role will mean on housing zones.

John Biggs AM (Chairman): One final question, then, which is about parks. Historically the LDA handed you a park, the Thames Barrier. The Olympic legacy will produce another park which is a sort of GLA park. The Royal Docks are a sort of underwater park as well, are they not? Do you have a view on parks? There is a view in the London Docklands Development Corporation legacy which was that the underwater park, if you like, would be maintained by the adjoining landholders through subscriptions, through a thing called the Royal Docks Management Authority. A similar view has been mooted in context of the [Queen Elizabeth] Olympic Park. Do you have a view about parks? Do you think City Hall should be a major park owner?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Clearly, we have park interests, as you say. I am not conscious and certainly it is not within the Housing and Land Directorate to look at acquiring parks. Our purpose is for other reasons.

John Biggs AM (Chairman): Or disposing of them.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Clearly, quality and landscaping is an integral part of what we are doing and we challenge very hard our development partners around the quality of their plans. We go into enormous amount of detail with them about that. The Thames Barrier Park is the second largest single cost within our estates budget. Circa £500,000 a year is the cost of that. We think we could reduce that cost suffered by circa £300,000. Also, we think there is a development opportunity on the car park next to the park. We have secured the future of the very large central park at Greenwich Peninsula and transferred that into a trust.

We are alive to the importance of those spaces, but clearly our focus - and if we acquire land in the future, which is a real possibility - will not be acquiring parks. It will be looking at development opportunities.

Joanne McCartney AM: I want to pick up the issue, firstly to Richard, in regards to a strategy. You talked about a GLA asset strategy but we noted that in the Housing Investment Group last October you asked for proposals for a strategic approach to land assets across the entire GLA group. I am wondering why do you think that is needed. Does that reflect frustrations that you might have as to whether you can get others to do your bidding or not?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Our focus in the GLA is clearly in the Housing Investment Group, although it looks at stuff which is not housing related as well in terms of land. It has clearly been developing our portfolio. My comments were relating more to the assets owned by Whitehall bodies because we clearly have a Single Property Unit and separate mechanism for engaging with the functional bodies. Those comments were very much directed towards Whitehall, particularly the NHS and the Ministry of Justice.

We have a very clear view that the Mayor should play a disposable role on those Whitehall-owned sites within London. The Government has set out very clearly, for example, how the HCA will play a role nationally. As we know, the GLA has the HCA functions for London and therefore we think the GLA should play that role. We have had extensive discussions with the Government about this and have made some progress. Indeed Simon sits on the Strategic Land Review which is happening at Whitehall and he may want to say more on that.

Simon Powell (Assistant Director for Strategic Projects & Property, GLA): Essentially, the Government at the moment is looking at the period from 2015 to 2020 to drive circa £5 billion of efficiency savings from all of the Whitehall assets. As Richard has said, in relation to elsewhere in the country, it is the working assumption at the moment that the assets from those departments would transfer to the HCA and we have been clearly there representing London and representing to the Mayor and in dialogue in terms of what the Mayor's role would be.

At the moment, it is in the process of all of the assets being clearly identified as to what is surplus coming to the market from 2015 onwards. Most of that information at the moment is confidential for obvious reasons because it is clearly operational assets at the moment, but we are in extensive dialogue with the Government Property Unit which is leading those discussions and pooling all that information together. We hope that we will be able to say a lot more over the summer about what the Mayor's role is.

Joanne McCartney AM: What do you want it to be? For example, local hospitals may be closing. Would you expect the Government to automatically transfer to you or for you to have a say in decisions that they make? How would envisage it working?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Potentially, we would see either a transfer or us handling the disposal.

I just want to really re-emphasise this point because it relates back to some of the questions earlier. Having an exit strategy by 2016 is not because the Mayor believes the GLA should not play a role in land and just wants to wash his hands of it. That is absolutely not the case. It is driven by a belief that if we own these assets and they are surplus and they are vacant, they should be put to good economic use to deliver homes and deliver jobs in the employment space and so on.

Beyond 2016, obviously we will still have an interest in some of the big regeneration schemes, Barking Riverside, Greenwich Peninsula and so on, but we really want to renew and continue the role around land and that will come in many forms. That could come in the form of acquisitions, which is what we are actively looking at. It will come in the form of working with our functional body colleagues around their portfolios, as we are doing at the moment.

The third place where it will come is very much around the assets owned by Whitehall. Our view is clearly it is Whitehall's job again to determine whether they are operational or not. We can offer some challenge, but largely it is for them to determine what they need for operational purposes. They do not have the skill around property and disposal and development. One thing which has become very clear to us is that they neither have the capacity nor the skills to properly handle the disposal. Often they handle it very poorly. Some of the sites which we are aware of again have been vacant and non-operational or certainly underutilised for a very long time and that has to stop.

We have been very clear to the Government that where those assets were in London we want those assets to somehow come to the GLA. They could be transferred to the GLA. They could be transferred to GLA Land and Property, for example. We could possibly acquire them, but there is a convoluted way of doing that because our resource for acquiring assets could be better used elsewhere. If it is already owned by the public sector, paying for it seems the wrong approach.

There are lots of ways in which we think we can work with those bodies around their assets. At the very least we expect them, particularly where it is of a significant size, to use the London Development Panel. We are talking very closely with NHS Property Services, for example, about two sites at the moment, which they should be bringing through the London Development Panel. Later on, though, it could mean that assets are transferred to that and that is something we are actively asking the Government to do. We have a proposition at the moment which is with the Cabinet Office and which has been made to Treasury around that.

Simon Powell (Assistant Director for Strategic Projects & Property, GLA): The other thing about how it might transpire is that there is a third way of doing it, which is that in terms of the asset it actually stays with the relevant departments but the Mayor or the GLA essentially is the property agent. We actually do all the procurement into it, so there are more efficiencies in terms of tax implications and other things.

Joanne McCartney AM: Certainly with health care, if a local hospital closes or part of it is sold off, the reasoning to the public is often that it is so that we can invest in making better what is left, so there would need to be some receipt back. How would you see this working if the Government was amenable? Would it be by agreement or would it need statutory underpinning?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): At the moment, it is by agreement. There is no legislation proposed either for London or indeed the rest of England. Clearly, if legislation were to be proposed, if it is required, then we would look for London to be included and for the GLA to be the default body.

The NHS is worth an entire session in itself because it is by far the most convoluted and inefficient mechanism for bringing forward land. If you are a foundation trust, for example, you get to keep the council receipts and you have virtual autonomy over it. If you are not a foundation trust, it is slightly different. Then there is some land with NHS Property Services. There are about three tiers, all of which are involved and have some say on it, some who are on property, some who are clinical. It is exceptionally complex.

What we sought to do is firstly build a relationship with NHS Property Services who own a significant number of assets and some of which we think are suitable for a proper procurement process to take place because they are quite large assets. We already have them signed up to the London

Development Panel, working very closely with them. I regularly talk to Simon Holden, the Chief Executive [NHS Property Services]. There are then a number of individual trusts that we are working with. Some are more proactive than others. Certainly one of the things which we have said to the Government is it needs to set out a clear framework to make sure that those bodies are engaging with the GLA. It should not just be some of them; it should be all of them. That would be non-statutory at this stage.

Joanne McCartney AM: That is one of the frustrations you have as to whether you might need an overarching strategy, but what about the Mayor's influence over MOPAC or LFEPA? There is always this tension about maximising receipts and having, for example, affordable housing and functional bodies do not need to look at that affordable housing requirement with the properties they sell. Would you see an overarching strategy as giving you further buy into that process or not?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): We do have the Single Property Unit, we have clear objectives set against that and we have extensive dialogue with the functional bodies collectively and individually about the assets which they do not identify for disposal. All of those conversations are taking place. LFEPA is clearly looking at what they might bring through the London Development Panel and what they might dispose of otherwise through other means. The Metropolitan Police Service has done the same and has actively used the London Development Panel. TfL is slightly further behind that but has a much bigger portfolio and obviously slightly different objectives, such as generating income and all the stuff you have heard from Graeme [Craig]. We are engaging with all of them and the mechanism to do that is through the Single Property Unit. We continue to do that.

However, the starting point for many of the functional bodies or certainly for the Metropolitan Police Service and LFEPA is what they need operationally. That is obviously a decision which is right to take through their own governance mechanisms as functional bodies so that they determine what the operational purposes are. Then we will engage with them in the Single Property Unit once the asset has been identified as surplus.

Joanne McCartney AM: I am just wondering if there was, for example, a site that came from MOPAC or LFEPA where there were no proposals for affordable housing or whatever, would you be able to influence that decision? In fact, would you listen to any representations that are made on that basis or could you, for example, put a halt to any sale and say they have to revisit it and come back later?

John Biggs AM (Chairman): Before you do that, can I ask whether you are content that the definition of 'best consideration' and its interpretation is adequate for all the things you want to do?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Part of this depends on whether there is any intention to get planning or indeed a planning brief attached to these sites, so it is difficult to make a judgement about quantum if there is no intention to have a planning consent or planning brief attached to it.

Joanne McCartney AM: You may want them to come forward with planning briefs, though.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes. It is fair to say though that where the site is of a significant scale, firstly it could be referable to the Mayor anyhow

and then he is able to use his planning hat and there is obviously the London Plan policy and everything else that applies to it, so it is dealt with separately there. Particularly where a procurement is intended, then we are able to discuss objectives for that site, which is what happened with the Hendon site.

Joanne McCartney AM: Nowadays they talk to you about everything, so LFEPA and MOPAC comes and talks to you?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Correct, but we have always been clear that it has to be of some scale. Certainly for us, for our own land in excess of 50 units and so on, it has to be of some scale. The budget guidance set out very clearly 150 units and so on.

On your point about best consideration, we have gone out with what is clearly set down and applies to all public bodies and I have no reason to question that.

Simon Powell (Assistant Director for Strategic Projects & Property, GLA): I was going to say I think it works broadly quite well, actually, especially with the general consent that we have managed to secure for the GLA.

Joanne McCartney AM: I am just wondering about MOPAC and LFEPA.

John Biggs AM (Chairman): We could test the example of the fire station and whether that would have been dealt with differently, for example.

Joanne McCartney AM: West Norwood.

John Biggs AM (Chairman): Yes, under the Single Property Unit approach.

Joanne McCartney AM: If the Mayor had come and said, "Actually, one of my wider objectives is to provide school places or school buildings but you will get £300,000 less for the building", what would you have done?

John Biggs AM (Chairman): Ask for the money.

Sue Budden (Director of Finance and Contractual Services, LFEPA): The best consideration point would still apply. If you had gone through the market and you could show that it was £300,000 less, we would obviously present that to LFEPA or its Resources Committee, but our recommendation would be to accept the best consideration. As I understand it, we would need the Secretary of State's approval to do something less than that.

John Biggs AM (Chairman): Or a Mayoral Direction?

Sue Budden (Director of Finance and Contractual Services, LFEPA): Or a Mayoral Direction to seek that Secretary of State approval.

Joanne McCartney AM: Stephen Greenhalgh [Deputy Mayor for Policing and Crime] when he came last month said that MOPAC's priority is to maximise capital receipts and is not to subsidise house building or schools, so that was a pretty firm approach from MOPAC.

Lynda McMullan (Director of Police Resources & Performance, MOPAC): That was based on the conversation with the Mayor. That is the agreement. One of the things that is really quite important in terms of the arrangement with the Single Property Unit is being very aware before going to market what the route is and being very clear about what other options there may be. It then becomes very difficult if we are in a competitive dialogue with purchasers. The main issue for us is making sure that we are having these really early conversations well in advance so everyone is cited on what the strategies are.

John Biggs AM (Chairman): The MOPAC/Metropolitan Police Service budget for the next few years is very strongly predicated on asset disposals to fund investment, particularly in information technology but also in other assets. Implicit in that, the Mayor in signing off that budget is accepting that best consideration without diluting it is the way forward. If you wanted to depart from that, then, you would expect there to be a bung from the Mayor's Office to help meet the shortfall. Is that a fair description?

Lynda McMullan (Director of Police Resources & Performance, MOPAC): Certainly a dialogue.

Valerie Shawcross CBE AM: In regards to that particular case, one thing that struck me was that sometimes there is a local dimension and that opportunistically, if you are in an area where there is a complete shortage, an absence of developable land and not much comes on the market generally, then there might be more of a public service argument to move, say, for putting in a school. I just think it varies a great deal around London, but those of us in inner London would probably feel much more that sometimes there should be a policy-led approach to land disposal.

John Biggs AM (Chairman): What about that nice Mr Gove's [Secretary of State for Education] presumption about pre-emptions for free schools? How does that affect things? It would still be a market valuation?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes, unless it is designated for disposal as a certain use class.

Joanne McCartney AM: Can I ask, Richard, is there an instance where you have actually had to put your foot down with either of the functional bodies and say, "Actually, this is not a good use of the property and we want you to do this"?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes. Equally, we have been clear that that has to be sanctioned by the functional body itself. Sometimes there are departments where we think there is a different approach that is possible but that that still has to be agreed by the functional body because that is right under the governance arrangement.

Joanne McCartney AM: You may give an opinion that it is the functional body and their fiduciary duty to do something?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes. I keep coming back to the Hendon example which is a good one. It is possible to achieve best value and also get all the other outcomes that we want. That was achieved in that case. I do not think they are necessarily mutually exclusive.

Joanne McCartney AM: I suppose my next question would be, then, whether you can give us another example where you have put your foot down or you have succeeded in getting some revisions.

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): There is an ongoing discussion with LFEPA about some of those sites.

Joanne McCartney AM: Perhaps that is for our Fire Brigade colleagues to follow that up in another place. Can I ask just for reassurance that your decisions are taken purely for housing and wider policy objectives, not for political imperatives?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Certainly, the operational decision is a matter for the functional bodies. What we are doing is where the site is on some scale seeking to look at policy and also how we think that that asset could be disposed of. The advantages, we think, of using the London Development Panel, for example, or running a procurement process is that you are able to set milestones and you are able to look at other things like, use, quality and so on. The London Development Panel in particular is very efficient. It is both quick and free to use and avoids all the cost and time involved with a full European Union tendering process. For example, for the Metropolitan Police Service site, the preferred bidder was appointed in three months and one day using that Panel, which is probably much quicker than actually doing outright disposal which probably would have taken six months, I suspect. Certainly, a full European tender would have taken much longer, probably over 12 months.

These are the kind of considerations that we have. How do we get a proper development framework? How do we make sure it is disposed of efficiently? How do we help in doing that the functional body achieve good value? It is perfectly possible to use the framework panel and get best value for it. Also there are wider policy considerations. That is all driving our interaction with functional bodies. What happens around the operation use is a matter for them.

John Biggs AM (Chairman): Have you identified the ten GLA group-owned sites suitable for free schools?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): That is probably a matter for Munira [Mirza, Deputy Mayor for Education and Culture], who I know is actively looking at the ten sites. It is meant to be GLA group-owned, so the site is not necessarily GLA itself.

Insofar as the GLA itself is concerned, yes, we have identified which sites we think are suitable for free schools. We have one which is actively going to be delivered and has funding, which is on Barking Riverside where obviously we have a land interest in the joint venture and indeed will be the largest free school in the whole country. We have another site where there is an exclusivity agreement called Twelve Trees in Tower Hamlets which is actively being looked at as a free school. We are also in conversations at the moment with a free school site in the Royal Docks, which we will hopefully be able to say more on soon.

Those are all actively identified sites where discussions are happening with free school groups. We then have a couple of other sites where we think that a free school could be included in the tender, but we need to market test this. There is no active discussion with a free school group at this stage because the proposal has not been tendered.

Joanne McCartney AM: Can I ask on that, if there is a site suitable for a school, do you also talk to local authority about it or local academies?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes.

Joanne McCartney AM: It is not just free schools you are looking at but others as well?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Correct. For example, there is an active discussion about a school on Greenwich Peninsula with Greenwich Council.

John Biggs AM (Chairman): It would be a free school?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): No. It is not a free school.

John Biggs AM (Chairman): If the local authority is very keen that it not be a free school for corporate agreement reasons, supported by its local head teachers, would you be charitable towards that?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): We have not come across that scenario at the moment, but clearly where the Mayor owns the land it is right that he seeks to fulfil a Mayoral objective.

John Biggs AM (Chairman): OK, which is free schools, yes?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes, that is one of them.

John Biggs AM (Chairman): Another tidying up question: one of the requirements of the Single Property Unit was to publish a list of all the assets held by the GLA group for public investors and developers to view. The Gareth Bacon and Co development interest in Southgate station would be satisfied by this, except that it does not yet include all TfL assets. Why is this?

Graeme Craig (Director of Commercial Development, Transport for London): I do not know is the short answer. I will have to come back to you.

John Biggs AM (Chairman): We are specifically interested in that.

Simon Powell (Assistant Director for Strategic Projects & Property, GLA): It is being worked on, but I think there are still a few that need to be uploaded.

John Biggs AM (Chairman): It is just a few, but that list will include operational assets presumably, yes?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Possibly. There are a few exceptions. For example, safe houses owned by the Metropolitan Police Service and things like that we obviously do not put on there. Overall, though, it has been a real success. This kind of “Domesday Book” of public land owned by the GLA group for the first time is available to see in one place.

John Biggs AM (Chairman): The final question, which may take a slightly longer answer, is the £74 million savings and where we are on that. Have you answered that yet? Did I phase out at that point?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): £24.7 million.

John Biggs AM (Chairman): £24.7 million? What does that mean?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): The target over three years is £74 million. Progress to date has been £24.7 million worth of savings. The trajectory is going in the right direction and we are clearly on track to hit £74 million.

John Biggs AM (Chairman): Are you going to provide us with a deflection, possibly outside the meeting, of what you actually mean by property savings across the GLA group?

Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA): Yes, we can do that.

John Biggs AM (Chairman): We can be clear about what that is and you lot understand what it is as well, so we are not going to double count it or even triple count it, unless it is TfL in which case we will probably quadruple count it.

Thank you very much for staying for such a short intervention towards the end. You had no choice, of course, but thank you all the same. We may write to you with follow-up questions.

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Subject: Summary List of Actions**Report to: Budget and Performance Committee****Report of: Executive Director of Secretariat****Date: 25 June 2014****This report will be considered in public****1. Summary**

- 1.1 This report sets out details of actions arising from previous meetings of the Budget and Performance Committee.

2. Recommendation

- 2.1 **That the Committee notes the completed and outstanding actions arising from previous meetings of the Committee, as listed below.**

Actions Arising from the Meeting of 4 March 2014

Agenda Item	Topic	Status	For action by
6.	<p>GLA Land and Property Assets</p> <p>The Committee requested the following additional information:</p> <ul style="list-style-type: none"> • Details of the 75 sites Transport for London (TfL) intended to take forward for development over the course of the next ten years; • The reasons for the Single Property Unit list of GLA group assets not yet including all TfL assets; and • A definition from the Deputy Mayor for what the GLA means by property savings across the GLA group. 	The Chairman has written to the relevant guests to request the additional information.	<p>Director of Commercial Development, TfL</p> <p>Deputy Mayor for Housing, Land and Property</p>

Actions Arising from the Meeting of 14 January 2014

Agenda Item	Topic	Status	For action by
5.	<p>Mayor's Draft Budget 2014/15</p> <p>The Committee noted the commitment to provide the following written information:</p> <ul style="list-style-type: none"> • The percentage drops in total recorded crime (excluding fraud as per HMIC methodology) over the last ten years in London, England and Wales (excluding London), and the MPS's Most Similar Group of forces; • An explanation of why recorded crime has fallen more slowly over the last ten years in London compared to the rest of England and Wales and the MPS's Most Similar Group of forces; and • An explanation of why crime has risen in the rest of England and Wales since the second quarter of 2013-14 but has continued to fall in London. 	<p>The Mayor's follow-up letter is attached at Appendix 1.</p>	<p>Mayor of London</p>
	<p>During the course of the question and answer session with the Mayor, the Mayor was asked if he would publish his fares information and advice from TfL.</p>	<p>The Mayor wrote to John Biggs AM on 8 April attaching the TfL fares briefing from September 2012. The letter and briefing are attached at Appendix 2. A subsequent letter from the Chairman to the Chief of Staff is attached at Appendix 3, with further correspondence between the Mayor and Chairman are attached at Appendices 4, 5 and 6. A letter to the Commissioner of Transport is attached at Appendix 7.</p>	<p>Mayor of London</p>

Actions Arising from the Meeting of 9 January 2014

Agenda Item	Topic	Status	For action by
3.	<p>Mayor's Draft Budget 2014/15</p> <p>The Committee noted the commitment to provide the following information:</p> <ul style="list-style-type: none"> • An explanation of TfL's approach to contingencies, including how it has used contingencies in recent years and any recent changes to its contingency policy; • Latest estimate of the impact of the Olympicopolis project on its plans for housing in the Olympic Park, in terms of the number of new homes built and the proportion of homes classed as affordable. • What the budgets for the Mayor's environmental programmes in 2014-15 and 2015-16 will achieve in terms of the number of homes insulated and carbon dioxide emissions. • Whether those budgets are sufficient to meet the targets in the Mayor's Climate Change Mitigation and Energy Strategy. 	<p>The follow-up letter from the Commissioner of Transport is attached at Appendix 7.</p> <p>The follow-up letter from the Deputy Chair of the London Legacy Development Corporation is attached at Appendix 8.</p>	<p>Commissioner, Transport for London</p> <p>Deputy Chair, London Legacy Development Corporation</p> <p>Mayor's Chief of Staff</p>

Actions Arising from the Meeting of 7 January 2014

Agenda Item	Topic	Status	For action by
3.	<p>Mayor's Draft Budget 2014/15</p> <p>The Committee noted the commitment to provide the following written information:</p> <ul style="list-style-type: none"> • Workforce survey results for the last five years and a commitment to providing these to the Police and Crime Committee on an ongoing basis. • Statistics for fear of crime and experience of crime for the last five years, broken down by borough. • Estimates of productivity gains from the main elements of Met's ICT strategy, particularly mobile devices for officers. • An explanation of how officer productivity is measured and how MOPAC intends to monitor the benefits of technology investment. • Sale proceeds from land and property disposals for 2012/13 and 2013/14 broken down by asset type 	<p>The follow-up letter from the Deputy Mayor for Police and Crime is attached at Appendix 9.</p>	<p>Deputy Mayor for Policing and Crime</p>

Agenda Item	Topic	Status	For action by
	(police station, training centre etc.) and borough. <ul style="list-style-type: none"> • Latest estimate of asset sale proceeds for 2013/14, 2014/15 and 2015/16, broken down by asset type. 		

Actions Arising from the Meeting of 17 December 2013

Agenda Item	Topic	Status	For action by
5.	Joint Working Among the Emergency Services The Committee noted the commitment to provide written information on the five areas of collaborative working identified by the London Fire and Emergency Planning Authority, Metropolitan Police Service and London Ambulance Service.	A briefing note prepared by London Ambulance Service on behalf of the 'blue light services' is attached at Appendix 10.	London Fire Commissioner; Deputy Commissioner, Metropolitan Police Service; Chief Executive, London Ambulance Service.

3. Legal Implications

3.1 The Committee has the power to do what is recommended in this report.

4. Financial Implications

4.1 There are no financial implications to the GLA arising from this report.

List of appendices to this report:

- Appendix 1 – Follow-up letter from Mayor re crime trends
- Appendix 2 – Letter from Mayor re TfL fares advice
- Appendix 3 – Letter to the Chief of Staff re TfL fares advice
- Appendix 4 – Further letter from Mayor re TfL fares advice
- Appendix 5 – Response to the Mayor re TfL fares advice
- Appendix 6 – Third letter from the Mayor re TfL fares advice
- Appendix 7 – Letter to the Commissioner of Transport re TfL fares advice
- Appendix 8 – Follow-up letter from the Commissioner of Transport re contingencies
- Appendix 9 – Follow-up letter from LLDC re Olympicopolis project
- Appendix 10 – Follow-up letter from the Deputy Mayor for Police and Crime
- Appendix 11 – Briefing note on 'blue light services' collaboration

Local Government (Access to Information) Act 1985

List of Background Papers:

Minutes of the Budget and Performance Committee meetings of 17 December 2013, 7 January 2014, 9 January 2014, 15 January 2014 and 4 March 2014.

Contact Officer: Dale Langford, Senior Committee Officer

Telephone: 020 7983 4415

E-mail: dale.langford@london.gov.uk

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MAYOR OF LONDON

John Biggs AM
City Hall
The Queen's Walk
More London
London SE1 2AA

Our ref: MGLA140214-9297

Date: 24 FEB 2014

Dear John

Thank you for your letter of 29 January following my appearance at the Budget and Performance Committee. You asked about crime trends in London compared to elsewhere in the country and enclosed are tables containing information in relation to crime reduction over a 10 year timeline.

Whilst we recognise the need to understand the national statistics on crime and the variations, this is not new research that can be carried out by MOPAC itself. The Deputy Mayor for Policing and Crime has asked Her Majesty's Inspectorate of Constabulary (HMIC) to use its national position and role to ensure data is comparative and establish the reasons for regional variations. While MOPAC is wholly responsible for explaining its own figures and trends, it does not have automatic access to other forces' information nor is this their role, so detailed explanations are not possible. However, a few general observations can be made.

First, the drivers of crime in London are different to elsewhere in the country. Densely populated urban areas have traditionally experienced higher crime rates; and London is uniquely urban when compared to other police force areas. London has also seen more rapid population growth in the last decade compared to the national average.

Secondly, although the general downward trend seen nationally began more slowly in London it has accelerated in the last two years, and London's contribution to the national reduction in crime has increased. The latest ON5 statistics (up to October 2013) released on 23 January 2014 demonstrate that crime reduction in London is now outpacing the majority of police force areas in the rest of England.

Thirdly, it is clear that London's improved performance on crime reduction in the last two years corresponds with important changes to how the Metropolitan Police Service is organised. Significant changes to local policing in the last couple of years including more a stronger focus on crime fighting, and new tactics like predictive policing, targeting hotspots and reducing repeat victimisation, are likely together to have contributed to the big reductions in victim-based crimes being seen.

MAYOR OF LONDON

Historically London has lagged behind the rest of the country on the visibility and availability of police officers, and the proportion of the workforce on the frontline according to HMIC, because too many officers (up to 4,700) were stuck in middle and back office. Our reforms change that with fewer senior staff and supervisors, and more police constables, allowing us to reach 26,000 bobbies as part of my budget plans. This combines with a commitment under the Local Policing Model to strengthen the frontline with 2,600 extra officers into neighbourhoods by 2015, and to reshape local policing to allow these extra officers to be deployed where crime is likely to be committed.

As you are aware, my Police and Crime Plan sets a target to reduce 7 key neighbourhood crimes by 20 per cent by 2016. Overall crime is down by 11.3 per cent against the Plan's baseline year of 2011-12 and the MOPAC 7 crime measures are down by 10.2 per cent. In real terms this is over 40,000 fewer victims which is very positive news. The Commissioner and I hope this trend will continue, so crime in London falls even further in the next two years.

One final point on national comparisons is to refer you to the most recent recorded crime data up to December 2013 which appears to show crime either flat or rising in up to a third of forces nationally. There is, as yet, no consensus as to why this is happening, and there is no obvious link between the forces that are showing increases (e.g. they are not geographically linked). An increase in acquisitive crime appears to be one driver.

Lastly it is important to note the limitations of recorded crime, particularly in the context of changing crime patterns. The true scale of fraud and many types of cyber-enabled crimes are not picked up in recorded figures because of significant under-reporting, but we know the impact of this is increasingly significant. This is why MOPAC is working with the MPS on a new Business Crime Strategy to raise confidence and drive up reporting of these kinds of offences.

I hope this provides useful context for your investigations.

Yours ever,



Boris Johnson
Mayor of London

Cc: Stephen Greenhalgh, Deputy Mayor for Policing and Crime
Sir Bernard Hogan-Howe QPM, MBA, MA (Oxon), Commissioner of Police of the Metropolis

Enc.

	Total crimes			
	Rest of E & W	Metropolitan and City of London	E & W	London contribution to national reduction
FY 2002/03	4,885,057	1,089,903	5,974,960	18.24%
FY 2003/04	4,943,582	1,070,177	6,013,759	17.80%
FY 2004/05	4,613,705	1,023,806	5,637,511	18.16%
FY 2005/06	4,562,615	992,557	5,555,172	17.87%
FY 2006/07	4,497,806	929,752	5,427,558	17.13%
FY 2007/08	4,081,839	870,438	4,952,277	17.58%
FY 2008/09	3,850,386	852,311	4,702,697	18.12%
FY 2009/10	3,502,330	835,965	4,338,295	19.27%
FY 2010/11	3,321,128	829,788	4,150,916	19.99%
FY 2011/12	3,202,366	820,744	4,023,110	20.40%
FY 2012/13	2,955,887	775,774	3,731,661	20.79%

Most similar forces

	Greater Manchester	Metropolitan Police	West Midlands	West Yorkshire
31-Mar-04	-3%	-2%	-3%	1%
31-Mar-05	-12%	-4%	-14%	-19%
31-Mar-06	1%	-3%	-1%	-2%
31-Mar-07	1%	-6%	-3%	-4%
31-Mar-08	-10%	-6%	-11%	-9%
31-Mar-09	-5%	-2%	-8%	-5%
31-Mar-10	-13%	-2%	-7%	-9%
31-Mar-11	-7%	-1%	2%	-4%
31-Mar-12	-9%	-1%	-10%	-3%
31-Mar-13	-13%	-5%	-12%	-10%

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MAYOR OF LONDON

John Biggs AM
City Hall
London
SE1 2AA

Our ref:

Date: 8 April 2014

Dear John

TfL fares briefing from September 2012

Following a trawl of outstanding Freedom of Information requests, and in keeping with the Mayor's commitment to ever greater transparency in GLA operations, I am happy to say that the Mayor has decided to disclose the TfL fares briefing from September 2012 to you in full. I am attaching it to this letter.

In taking this decision, the Mayor has been mindful of the change in the balance of the competing public interest considerations over the period of time since you made the initial request.

Following our standard practice, the briefing will also be published on the GLA website.

Yours sincerely



Sir Edward Lister
Chief of Staff and Deputy Mayor for Policy & Planning

**TRANSPORT FOR LONDON
MAYORAL BRIEFING**

SUBJECT: JANUARY 2013 FARES

DATE: 6 SEPTEMBER 2012

1 PURPOSE

- 1.1 This note considers options for the TfL fares revision in January 2013. A separate paper on the agenda considers the fares assumptions to be taken in the TfL Business Plan for the years after 2013.

2 BACKGROUND

- 2.1 The existing TfL Business Plan assumes an annual fares increase of RPI+2%. Fares revisions in January are generally based on the published RPI for the preceding July, which was 3.2%.
- 2.2 Under the current DfT policy, national rail fares are due to be increased by RPI+3% in January 2013 and 2014, before reducing to RPI+1% in 2015. Travelcards are part of the DfT regulated fares basket so the London Train Operating Companies will seek an increase to Travelcard prices in line with the general increase in national rail fares.
- 2.3 There has been considerable public pressure to reduce the national rail increases. It is possible that, as last year, the Treasury funds DfT to accept a lower increase (most likely RPI+1%). In that case, we would press for DfT to pay additional grant to TfL to fund the difference between RPI+2 and RPI+1. It would be important not to make any announcement on TfL fares ahead of clarity on whether such funding might be available
- 2.4 Based on these considerations and choices made on TfL's fares there are essentially four key outcomes as listed in the table 1 below.

**Table 2a: Travelcard seasons – 7 Day ticket prices
RPI+3 increases in January 2013**

	2012	2013	Increase
Zones inc Zone 1			
2	£29.20	£31.00	6.2%
3	£34.20	£36.40	6.4%
4	£41.80	£44.40	6.2%
5	£49.80	£52.80	6.0%
6	£53.40	£56.80	6.4%
Zones exc Zone 1			
2	£22.00	£23.40	6.4%
3	£24.20	£25.80	6.6%
4	£29.00	£30.80	6.2%
5	£36.40	£38.60	6.0%

**Table 2b: One Day Travelcard prices
RPI+3 increases in January 2013**

	2012	2013	Increase
Anytime			
1-2	£8.40	£9.00	7.1%
1-4	£10.60	£11.20	5.7%
1-6	£15.80	£16.80	6.3%
Off-peak			
1-2	£7.00	£7.40	5.7%
1-4	£7.70	£8.20	6.5%
1-6	£8.50	£9.00	5.9%

- 3.2 Table 3 sets out the cash yield for differing levels of fares increase overall compared with the existing Business Plan assumption of RPI+2%.

Table 3: Indicative yields from alternative January 2013 fare increases

	Base revenue £m	£m yield with fare increase of..			
		RPI+2 (5.2%)	RPI+1 (4.2%)	RPI (3.2%)	TfL-only freeze
Bus & Tram	1,180	54	46	38	16
TfL Rail	2,229	105	88	70	70
TfL total	3,409	159	134	108	86

All options assume Travelcard prices increase by RPI+3 (6.2%).

- 3.3 If TfL is seeking to raise fares overall by RPI+1% and Travelcards are increasing by RPI+3%, the fares set out in Table 4 would deliver the required yield of £88m.

- 3.9 As customers switch to the new bank card offer, TfL's ticketing costs will fall while new users will grow fares revenue. Sales of printed magnetic tickets will diminish, helping reduce congestion at stations and queues at ticket offices. As demand falls, one day printed tickets would be gradually withdrawn, with such tickets withdrawn completely by 2016. The one day caps would remain in place.

4 BUS AND TRAM FARES IN JANUARY 2013

- 4.1 Table 5 illustrates the increases in bus only fares needed to achieve overall bus fares yields of RPI or RPI+1% in January 2013 (3.2% and 4.2% respectively). The increases yield between some £38m and £46m pa in 2013, as indicated in Table 3.

Table 5: Bus and Tram fares prices with lower overall increases

	2012	2013 – RPI+1 increase			2013 – RPI increase		
	Price	Price	Pence	%	Price	Pence	%
PAYG - single	£1.35	£1.40	5	3.7%	£1.35	-	-
PAYG – one day cap	£4.20	£4.30	10	2.4%	£4.30	10	2.4%
Cash - single	£2.30	£2.40	10	4.3%	£2.40	10	4.3%
7 Day Bus and Tram Pass	£18.80	£19.60	80	4.3%	£19.60	80	4.3%

Note: The table shows bus and tram ticket price increases needed to achieve overall increases across all ticket types of RPI+1% or RPI if Travelcard prices increase by RPI+3%.

- 4.2 The RPI+1% target requires the PAYG bus single fare to increase by 5p to 140p. This fare can be frozen with the RPI only fares target. If all bus only fares, including the bus cash single fare and the Bus Pass price, are frozen, the overall bus yield is under 1.5% - less than inflation – even with Travelcard prices increasing by RPI+3%. This is because Travelcard income is less important to buses than to the Tube. The overall TfL increase if all bus only fares and all TfL rail fares are frozen is around 2.6%. This increase yields some £86m pa in 2013, as shown in the last column of Table 3.

5 OTHER FARE OPTIONS

- 5.1 Other options which could be considered for introduction in 2013 include reduced bus transfer fares (proposed by Assembly members), cashless bus operation and child bus fares.

- 5.9 At times customers may not have a ticket or other means to pay for travel at times when the off-system retail network is largely closed. In order to meet the challenge from this it is proposed that Oyster top-up devices would be installed at key interchanges and procedures for customers unable to pay their fare late at night extended.

Child bus fares

- 5.10 A final option would be to introduce PAYG bus fares for most children over the age of 11 (who currently hold Zip cards). The proposal aims to reduce the large number of very short bus journeys generated by free bus travel. This would relieve pressure on peak bus services and reduce the need for additional capacity as demand grows.
- 5.11 Free travel would continue to be provided from 7am to 7pm Monday to Friday for all groups up to and including age 18 listed by the 2006 Transport Act: more details are given in Annex B. Under the proposals, all under 11s would continue to travel free while most 11-15s would pay quarter rate or 35p at current fares. Most 16-18s would pay half fares or 70p. Annex A sets out the detailed reasoning behind the proposals.
- 5.12 Zip card holders now constitute around 30% of morning peak bus traffic. See Diagram A1. Many of these journeys are very short. Around 1 in 3 journeys are for rides of a mile or less, and could reasonably be made on foot or by cycle, particularly by the 16-18 age group.
- 5.13 The legal duty to fund free travel for young people in the 2006 Act categories rests with their local Boroughs. However, in assessing the financial impact of charging fares, it has been assumed that all free bus travel in London would continue to be funded by the mayor/TfL and that TfL would not seek to recoup the cost of free travel from the Boroughs.
- 5.14 Charging would be phased-in, starting with the 16/17 group in September 2013. For the 11 to 15s, it is envisaged that existing free travel Zip cards would be allowed to expire but that from January 2014, all 11-15 cards would be issued on the new basis.
- 5.15 Administrative arrangements would be put in place to cater for those 11 to 18 year olds covered by the 2006 Act exemptions, with the local Borough responsible for verifying eligibility. Overall, travel concessions for young people in London would remain more generous than elsewhere in the UK; and more generous than in virtually any major city in the world.
- 5.16 Once fully implemented, it is estimated that the new fares proposed would raise over £60m pa. This additional revenue could be used to support lower fares generally or to help fund the new concessions for apprentices and the over 60s to be launched over the next 12 months.

6 SUMMARY AND FINANCIAL MODELLING

- 6.1 The RPI and RPI+1% options, with many TfL only fares frozen or increased by less than inflation, significantly reduce the revenue projected in the current Business Plan. Table 6 shows the impact on the years to 2016.

Annex A

The London free bus travel schemes for young people

Aims and objectives

- 1 The free London bus travel schemes were developed to make bus travel in London more affordable for less well off families; to reduce car trips involving children; and to encourage use of London's leisure and cultural facilities. These objectives have been considered in this review alongside the Mayor's objective to promote walking, cycling and healthy lifestyles; and a more general aim of avoiding policies for specific groups that have detrimental effects on others.

Background

- 2 Free travel concessions for young people now account for nearly 20% of all bus passenger journeys in London, amounting to over 1m rides a day or some 400m rides a year. This compares with around 12% of all journeys before free travel was introduced in 2004/05. In the morning peak, around 30% of bus trips are now made by young people travelling free. See Diagram A1.

The original aims of free bus travel were:

- to make public transport **more affordable** for the least well off;
- to enhance young people's **access** to London's opportunities – cultural, leisure, sporting etc;
- to reduce **car use**: to discourage the school run; to make public transport a more attractive proposition relative to the family car and a more familiar option for young people.

The policy was also intended to contribute to wider strategies:

- to make London a more sustainable city;
- to reduce traffic congestion and pollution; and
- to boost the use Londoners make of their cultural and leisure facilities.

MORI polls¹ show strong support for free travel for the young, but this is when the concession is presented as a free gift without strings.

Impacts

¹ MORI February 2007: "78% of Londoners support free travel for young people"
14/01/2014 11:03

For the older groups, it is difficult to see how a better balance between the five objectives can be achieved without some mechanism to deter the use of bus for short distance travel. Introducing some kind of fare payment is an obvious solution, provided vulnerable groups are protected and the implications for the overall fares burden are recognised.

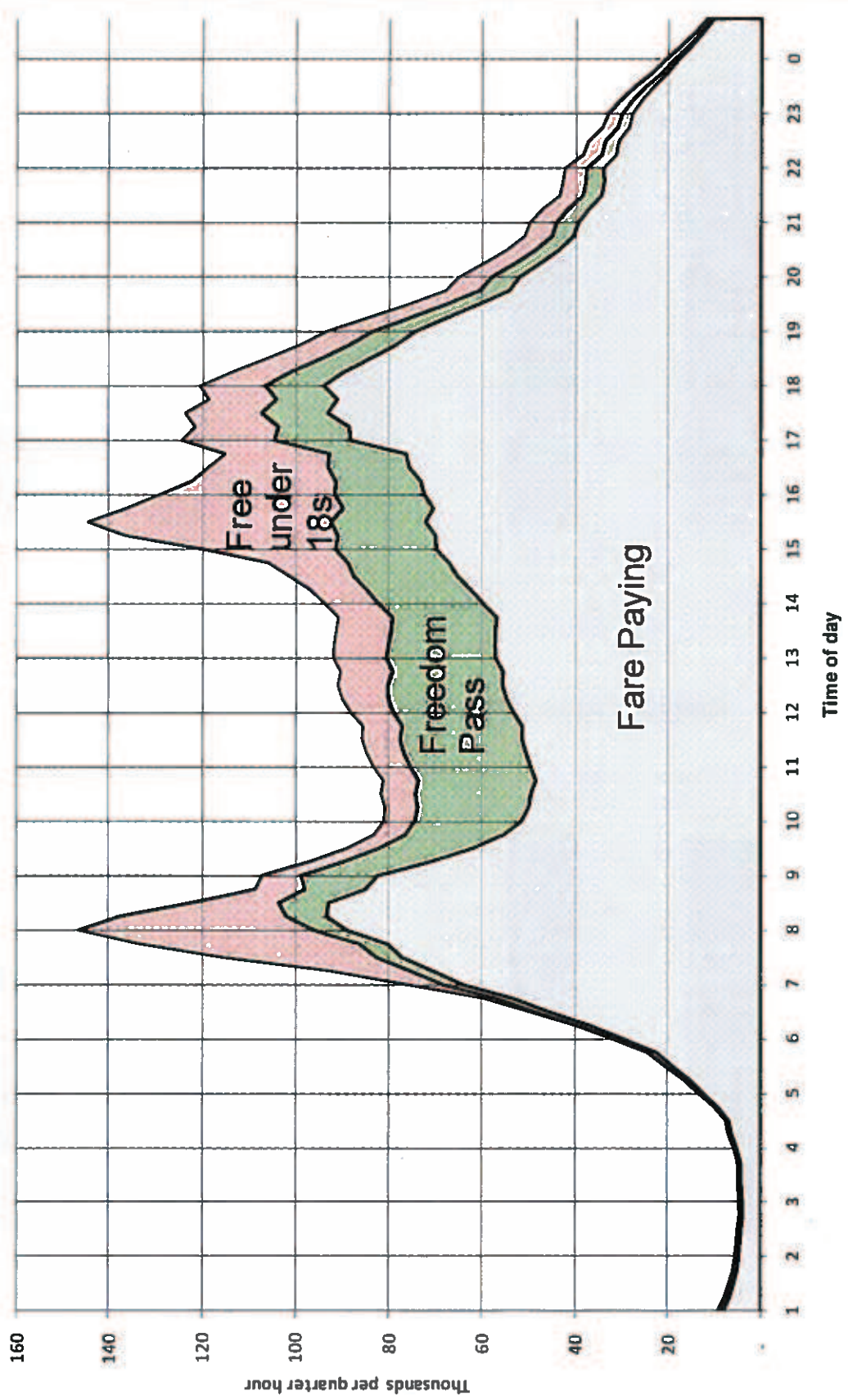
The provisions of the 2006 Education and Inspections Act mean that children from low income families and all children living over 3 miles from school would continue to enjoy free school travel. See Annex B. The provisions of the Act are designed to neutralise negative impacts on access and exclusion.

For the 11-15 group, a low fare anyway appears appropriate, given the balance of advantage shown in table A1. The research evidence is that even a nominal fare can deter 10% to 15% of the bus trips made when travel is free. For the 16-17 plus group, a more substantial fare looks to achieve the best balance across the five objectives and would do most to encourage walk and cycle.

Such changes would still leave London with some of the most generous concessions of any major city. In the rest of the UK, for example, the norm is for half fares to be charged for 5-15s and full fares for 16-17s.

Diagram A1: Bus journeys on an average weekday

Bus journeys on a weekday - June 2012



T4/07/2014 11:03

Annex B

The 2006 Education Act and the LEAs

1. Under the 2006 Education Act, Local authorities such as the London Boroughs have a duty to arrange free travel to and from school for all "eligible children" in their areas. In this context, children include young people of 6th form age.

Eligible children

2. Under the Act, eligible children comprise principally children:
 - i) needing to travel over 3 miles to school;
 - ii) living closer to school than 3 miles where walking is judged unsafe;
 - iii) with medical conditions which mean they cannot be expected to walk to school;
 - iv) entitled to free school meals whose school is at least 2 miles from home;
 - v) whose parents receive maximum working tax credit and whose school is at least 2 miles from home.

Many children in London live within a mile and a half of school and hence will not be classed as eligible children.

3. In the event that child travel in London was not free, TfL would expect the London Boroughs to notify TfL of children in their Borough eligible for free travel. A ticket permitting free travel from 7AM to 7PM Monday-Friday would be loaded on the child's Zip Photocard. Out of these hours, child rate PAYG fares would apply.

Numbers of eligible children

4. It is estimated that some 20% of London children may be eligible for free 7 to 7 travel based on the 2006 Act criteria, with around 15% of current free bus travel covered by the 7 to 7 free travel ticket.

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John Biggs AM, Chairman of the Budget and Performance Committee

City Hall
The Queen's Walk
London SE1 2AA
Switchboard: 020 7983 4000
Minicom: 020 7983 4458
Web: www.london.gov.uk

Sir Edward Lister

Chief of Staff and Deputy Mayor for Planning
Greater London Authority
City Hall
London
SE1 2AA

Ref: 354

10 April 2014

Dear Sir Edward,

TfL fares briefing

Thank you for your letter dated 8 April accompanying the briefing note from TfL regarding the Mayor's fares decision for 2013. I am grateful that this has finally been agreed and it will I believe enhance the openness of City Hall at no real expense to the Mayor or the exercise of his powers.

However, as you are aware, the Assembly has been pushing for this information to be published for several years. Without wanting to sound unduly ungrateful I should for the record detail how protracted the pursuit of this information has been.

In last year's report, *Transparency of the GLA Group*, I found that the culture of the GLA Group was changing and that it was making available more information than ever before. The Mayor has stated his commitment to greater transparency on many occasions, and in many ways TfL has demonstrated a real willingness to open up and become more accountable.

It is therefore extremely disappointing that I have had to resort to making a Freedom of Information Act request to obtain this briefing note from TfL to the Mayor. Access to information is a fundamental prerequisite for effective scrutiny, and without it the Assembly is unable to carry out the tasks it was set up to perform.

I am surprised that in your letter you say the Mayor has decided to publish this briefing "following a trawl of outstanding Freedom of Information requests". This hugely underplays the efforts that have been necessary to get this information into the public domain, and the resistance we have encountered from both TfL and the GLA. My original FOI request in July 2013 was rejected, so I asked you to conduct an internal review of that decision; that review again rejected the request. I then had to take the case to the Information Commissioner. After deliberation, and communication with the GLA, the Information Commissioner wrote to me last week to inform me of his provisional assessment. That email stated that

"Having provided his provisional assessment to the GLA the Commissioner recommended that the GLA reconsider its position in this matter. Having now done so, the GLA have confirmed that they will disclose the requested information to you in its entirety. It is expected that you will receive the information next week and the Commissioner will be copied in to the covering correspondence."

Your letter makes no reference to the provisional assessment of the Information Commissioner, and simply asserts that the release of this information was the result of a trawl of outstanding FOI requests. This is disingenuous, to say the least.

In light of the Information Commissioner's provisional assessment, which states that "the legitimate public interest in protecting the safe space for the GLA to consider fares options would significantly diminish once a decision was made", I would be grateful if you would inform me of your proposals for a regular release date on which this information can be published in future years.

For completeness I would also like to request the briefings from TfL to the Mayor on the annual fares decisions for 2001 to 2014 inclusive, and I ask that the GLA also makes these available on its website.

I trust that you will inform the heads of the GLA Group of the Information Commissioner's provisional assessment, and how this should guide the way that similar requests for information are handled. I very much hope that the Assembly will not need to use the Freedom of Information Act to obtain information from the GLA Group again.

Yours sincerely,

John Biggs AM
Chairman of the Budget and Performance Committee

cc Sir Peter Hendy CBE, Commissioner, TfL

MAYOR OF LONDON

John Biggs AM
City Hall
The Queen's Walk
More London
London SE1 2AA

Date: 27 MAY 2014

Dear John

Transparency including briefings on fares

I am writing in response to your letter to my Chief of Staff dated 10 April.

I am concerned by the contents of your letter, and of the press release which preceded it, as you appear to be prioritising short term political gain on an issue which would benefit from a longer term approach.

General approach to transparency

I think it is undeniable that significant improvements have been made in transparency at the Greater London Authority (GLA) since I took office in 2008. Indeed progress has been so marked that the GLA is now widely regarded as one of the leading bodies in this field. From establishing the London Datastore to publishing all Freedom of Information (FoI) responses to making publicly available all payments exceeding £250, I have sought at all times to prioritise openness and accountability.

Looking back, it seems scarcely credible that under my predecessor Mayoral decision forms were not published as a matter of routine. Assembly Members had to ask for copies of those forms and even then often had to wait a month for a response, and in some cases even longer than that.

Advice to the Mayor

The GLA Act sets out that advice to the Mayor can be withheld from the Assembly on those occasions when the Assembly invokes its powers to summons information from the GLA. I note that the Assembly was sufficiently concerned about this provision that it made representations to the Communities and Local Government Select Committee last year, requesting that the types of advice to the Mayor which can be withheld should be restricted.

The FoI Act received Royal Assent a year after the GLA Act and adopted a slightly different approach. Advice to the Mayor was not included as an exemption in its own right in the FoI Act. Instead, there is a Section 36 exemption available to the Mayor should the release of information be deemed to be prejudicial to the effective conduct of public affairs.

MAYOR OF LONDON

So the legislative arrangements in place recognise advice to the Mayor as being a category of information in its own right. However, matters are complicated by different categories being employed for FoI exemptions.

There will often be occasions when any Mayor will legitimately want to withhold advice he or she has received, at least in the short term. For example, papers putting forward options for changes to service provision within the functional bodies will inevitably have widespread staffing consequences and there would be an obvious detriment arising from immediate publication.

I think it is important that the precedent is set whereby the Mayoralty can have some space in which to consider sensitive issues without the compunction to publish the associated documentation instantaneously.

On the fares briefings, I argued that negotiations with HM Treasury were a relevant factor to consider as part of the FoI process. With the passage of time, that factor became less of an issue with the result that I was happy to make a full disclosure later in the process.

Your approach

I regard it as an unmerited slur for you to describe my Chief of Staff's approach as "disingenuous". Sir Edward has been one of the pioneers of greater openness at the GLA and I do not think it is productive for you to adopt this sort of terminology. It is clear that the information was disclosed to you on a voluntary basis, regardless of any conclusion the Information Commissioner's Office (ICO) might eventually have reached.

I find it surprising that you wrote to my Chief of Staff in your capacity as a chair of an Assembly committee and yet I understand that the Conservative group on the Assembly, the second largest of the Assembly groups, neither saw your letter in advance of it being sent nor approve of its contents now that it has been sent. Consequently, I would question whether the role played by scrutiny officers in your partisan activities represents an appropriate use of public resources.

The only real impact of your approach outside the City Hall bubble is to portray the GLA in a negative light with the ICO. This is as a direct result of your unnecessarily polemical approach.

Further information sought

Officers have searched the documentation held in City Hall and I enclose those fares briefings in the period from 2001 to 2014 which the GLA has retained, covering the following years:

- 2008;
- 2009;
- 2010;
- 2012; and
- 2013.

MAYOR OF LONDON

Fares and budget setting

It is worth adding that I am directly accountable to the public for the fares I set and that the GLA Act does not provide the Assembly with a specific role in the fare setting process. Furthermore, despite your repeated statements to the contrary, the rationale behind my fare decisions is not a central question for the Assembly in the annual budget setting process. The GLA Act gives the Assembly the role of assessing the reasonableness of my proposed council tax precept for the following financial year and a power, in extremis, to amend that precept.

As Transport for London makes only a minimal call on the precept (£6m), it surely cannot be argued that background information on fare setting is critical to the role provided to the Assembly in the annual budget setting process. A far more pertinent question for you to grapple with must surely be the fire budget (£138m call on the precept) and how frontline savings can be made on that budget in the light of grant reductions. I note that, despite numerous opportunities to do so, you have failed to address that issue and have not put forward any viable alternatives to my approach.

Yours ever,



Boris Johnson
Mayor of London

Enc.

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2009 Fares Q&A

What is happening to fares for 2009?

The Mayor and TfL are investing billions to improve and expand London's transport network, increasing reliability and capacity for public transport and road users. We remain committed to delivering major projects including the upgrade of the Tube, preparations for 2012 and Crossrail.

However strong project management and a determination to drive value for money across all of TfL's services cannot compensate for the last Mayor's irresponsible and cynical pre-election bus fare cut and subsequent fares freeze.

This has cost over £60m in lost revenue in the last year alone and that forces a tough decision on fares for the year ahead, one that we cannot avoid making if we are to ensure the delivery of better transport services for London.

TfL's 2009 fares will therefore rise by RPI+1% on average to enable the delivery of transport improvements for London.

In a tough economic climate the Mayor is also increasing support for London's least well off and older communities. The Bus and Tram Income Support Discount concession will continue, reduced fares in a new 009:30 to 16:00 day time off peak period will help the less well off and visitors and the Freedom Pass will now be extended to 24 hours, all from January next year.

Which fares are going up?

BUS

The Oyster PAYG bus single fare increases from 90p to 100p, back to 2007 levels. The bus and Tram cash single fare is unchanged at 200p.

The Weekly Bus and Tram Pass rises from 1300p to 1380p. This ticket cost 1400p prior to September 2007. Other Bus Pass seasons rise in proportion to the weekly.

TRAVELCARDS

Increases in prices for adult tickets covering Zones 1-6 range from 5.8% to 6.7% in the case of Travelcard seasons and from 5.7% to 7.5% in the case of One Day tickets.

LONDON UNDERGROUND, DLR AND OVERGROUND

The minimum adult cash fare of £1.50 on the DLR and Overground rises to £1.60.

The £4 adult cash fare via Zone 1 is frozen, while the £3 non-Zone 1 fare rises to £3.20.

In an effort to achieve a fairer fares structure, PAYG fares on the Underground are being further graded. This will split out zones 3-6 into individual zones. The One Day Price Caps continue to offer a 50p saving on the cost of a One Day Travelcard.

The higher PAYG fares currently prevailing on the Tube etc from 07:00 to 19:00 Monday to Friday will be restricted to apply in the morning and evening peaks only (06:30-09:30; and 16:00-19:00). New off-peak PAYG fares apply at all other times: pre 06:30 hours; during the interpeak; post 19:00 hours; and at weekends.

Season ticket prices on the Overground rise in line with the overall RPI+1% target.

CHILD AND DISCOUNTED FARES FOR YOUNG PEOPLE

Most child and discounted fares on the Underground are set as 50% or 70% of the adult fare. These reduced fares will increase pro-rata to the adult fares. The PAYG flat fare for 11-15s on the Tube increases from 50p to 55p in line with the increase in the PAYG minimum adult fare from 100p to 110p. The child One Day cap remains at 100p. Child offpeak One Day Travelcard prices remain at 100p and 200p. Travel by the under 11s will remain free on the Tube at all times.

ZONES 7 TO 9 OUTSIDE GREATER LONDON

Revised fares to Zone 1 from Zones 7 to 9 are in line with those within Zones 1-6. Travelcard season prices increase by almost exactly 6%. Increases for other fares range from zero to 9.8%.

What will fares do in the longer term – should we expect continued inflation busting rises for the rest of the Mayor's term?

The situation we have been left with by the last Mayor means that further RPI+ increases are likely in subsequent years. A clearer picture will emerge with the publication of TfL's Business Plan later in the year.

Surely 2008 fares increases could reduce the numbers of passengers using public transport - what about any loss of fare revenue as a result of fares rising?

Fares will only increase at a rate which is affordable for Londoners, commuters and visitors to our city. As a result we expect that there will be very little impact on passenger numbers which are forecast to continue growing during 2009.

How can you justify this inflation-busting increase given continued delays and disruption to Tube and bus passengers?

The Mayor and TfL are investing billions to improve and expand London's transport network, increasing reliability and capacity for public transport and road users. We are absolutely committed to delivering major projects including the upgrade of the Tube, preparations for 2012 and Crossrail.

The scale and importance of the work on Tube is certainly causing disruption to passengers whilst the renewal works of Thames Water have impacted on London's roads. However against this challenging backdrop TfL's overall service has continued to improve with 95% of scheduled Tube and 97% of all bus services operated last year.

This has been reflected in the continued growth in passenger numbers with the Tube now carrying over 1.1bn and the buses over 2bn a year.

How much revenue will the increase in fares raise?

£150m in 2009 which resulting from an increase in revenue from bus, Tube, DLT and London Overground fares.

How much are you saying that the previous Mayor's fares policy has cost?

Cutting the bus fare to 90p cost over and the freeze on Oyster pay as you go fares for 2008 has cost over £60m.

IF PRESSED – exactly how much?

£62m.

Is it not the case that you have to raise fares to pay for the financial black hole created by the failure of Metronet?

The full financial implications of the failure of Metronet are still being assessed. The increased fares revenue for 2009 will help enable the delivery of the key transport improvements for London including the upgrade of the Tube, the preparations for 2012 and the building of Crossrail.

Why should we pay higher fares when it's just going on fat-cat salaries?

It isn't. TfL carries over 10 million passenger journeys every day, over 2 billion bus journeys and well over a billion Tube journeys every year.

This year's £8bn budget and the £39bn settlement with Government are both part of an investment over the next ten years to upgrade the Tube, prepare for the 2012 Games and deliver Crossrail. Managing an organisation of this scale and complexity requires high calibre people and TfL has them in its senior management team.

What is the benchmark for the RPI+1?

The Retail Price Index figure of 5.0 per cent in July 2008 is the benchmark, in accordance with DfT guidance.

This compares with an RPI figure of 3.8% in July 2007, showing evidence of the inflationary pressures in the wider economy

Individual fares

With 8%+ rises for peak time Oyster PAYG Tube fares and 6-7% Travelcard rises are you not unfairly targeting commuters here, safe in the knowledge they have no choice but to pay up?

The irresponsible fares cuts and freezes of the last Mayor have forced this decision, one that we have to make to ensure the delivery of major improvements to transport including the upgrade of the Tube, preparations for 2012 and Crossrail.

In a tough economic climate the Mayor is increasing support for London's least well off and older communities. In reality this means that some of us will pay a little more in order that we can provide support through the continuation of the Bus and Tram Income Support Discount Travel scheme and through the extension of the Freedom Pass to apply 24 hours a day.

The cost of PAYG weekend travel on the Tube is up by 10%, isn't this going to affect footfall at central London retailers?

The cost of a journey in to Zone one remains affordable – it is rising by 10p. It is unlikely to be the cost of transport that is affecting retail sales in Greater London. In fact there is some anecdotal evidence to suggest that people are actually using public transport to travel in to London to shop, to avoid the fuel costs associated with driving out to shopping centres such as Bluewater.

The four Zone PAYG Tube fare is rocketing by 12%, that's worse than any Train Operating Company increase.

On average fares will rise by RPI+1 forced by the irresponsible and cynical pre-election fares bribes of the last Mayor.

However this is the first time that Oyster PAYG Tube fares have risen since 2006. The zone 4 fare is rising 30p. At an increase of 4% a year, well under the RPI rate, the January 2009 fare will still be less in real terms, in January.

This contrasts with Train Operating Companies who have raised their fares by the maximum possible amount year after year.

Day travel card prices are up by over 6%. Given the knock-on effect for Train Operating Companies isn't this leading to higher TOC prices?

Train Operating Companies have raised their fares by the maximum possible amount year after year. The Travelcard increases have been agreed between the TOCs and TfL.

In reality whilst most London Train Operating Company fares are regulated to a maximum average of RPI+1, in years when the Travelcard has been kept to RPI, the TOCs have increased other fares to reach that overall average.

Economic downturn

What impacts have you seen on passenger numbers as a result of the economic downturn?

Passenger numbers are continuing to grow. Within the current trend, in a city such as London in which people already have a high dependency on public transport and a variety of transport choices, it is difficult to isolate the impact on passenger numbers of individual events, for example a rise in fuel prices.

What about fuel prices, surely any more increases are likely to be passed out to bus passengers by the operators?

Rising fuel prices are not reflected in fares at this time. However we will need to continue to monitor and review any impacts of continued fuel price rises over time.

UK city bus comparable prices

How do these bus fares compare to other UK cities?

Overall London fares compare very well with other UK cities. We have made comparisons between tickets covering bus operators over the entire regions indicated, which are broadly comparable in geographic size with the London area.

For weekly bus passes the January 2009 £13.80 London price compares with:

- Greater Manchester - £16
- West Midlands - £15.60
- S Yorks / NE Derby / N Notts - £17
- Brighton - £16 at shop, £12 from website

Cheaper tickets are generally issued by individual operators for their own services covering a more limited area, e.g. £10 for Stagecoach services in Manchester.

London's £1 Oyster flat bus fare is again cheaper than most though difficult to make absolute comparisons as most UK cities single fares are still charged according to distance based.

- Greater Manchester - 80p to 260p (Stagecoach)
- West Midlands - 110p up to 1 mile, 150p for longer journeys (from 1 January – currently 100p and 140p respectively)
- S Yorks - 50p to 390p; 120p for 2 mile journey, 180p for 3 miles
- Brighton & Hove - 130p flat fare in central Brighton, 180p if going further.

Bus and Tram Income Support Discount concession

Given the scheme ended on 20th August, why did you not make the announcement earlier?

The Mayor was never comfortable with the principle of the oil deal with Venezuela that funded the previous scheme, and brought the agreement and the previous scheme to an end.

However he has moved to ensure that the new Bus and Tram Income Support Discount scheme will be in place as soon as practicable with the new fares package in January.

How much will the scheme cost TfL to run this year?

The expected cost of running the scheme will be £7m for 2009.

How is a reduction possible given that you've spent £16m on the last year?

The cost of running the scheme in 2008 included the cost of setting up the scheme, its marketing and the loss of revenue to TfL. The cost to TfL reflects a lower maintenance cost for the scheme in 2009.

Have you paid or do you anticipate paying any money back to Venezuela?

We are in discussion with PDVE around the conclusion of the Energy Funding Contribution and Co-operation Agreement which funded the original scheme and expect that some funds will be returned.

Adi Frost
TfL Press Office
28.08.08
v1.1

Fares Briefing Note 28 August 2008

1. Mayoral Approval Form (MAF) for next January

The latest draft of this is attached. The proposals have been cleared by Kulveer and it is hoped to finalise the draft this week. Best practice is for the Mayor and advisors to have signed off the MAF prior to any public announcement.

2. Freedom Pass Issues

A final draft of the 24/7 MAF has been produced. A launch date of 2 Jan is included and the assumption has been that the extension will be announced with the 2009 fares.

Kulveer apparently has reservations about announcing the extension prior to any agreement with the Boroughs to share the costs. However, at a meeting with TfL and the GLA last week, Nick Lester indicated that any Borough contribution was only likely to be agreed as part of an overall package deal including the Reserve Scheme and a multi-year funding settlement. The time-scale for this is probably November/December.

Given that the Mayor is already committed to the 24/7 extension, it is not clear that anything would be lost from an early announcement. The Mayor could signal that he was "expecting" a contribution from the Boroughs but was determined to push ahead.

3. Season ticket multipliers

A specific proposal to amend the multiples is attached. This appears to be feasible, based on conversations with ATOC, DfT etc. This proposal needs to be signed off by City Hall so that it can be put to DfT in the next week or two as TfL's solution to funding ITSO. DfT will need to use their good offices to get the Train Operators to agree to the proposal. As evidenced by recent emails, the TOC's see no commercial advantage for themselves in the proposal and are reluctant to adopt it without a push.

The changes will be implemented incrementally in conjunction with national rail in successive fares revisions starting with January 2010.

4. Bus and Tram Discount Scheme (successor to Venezuela scheme)

New photocards ceased to be issued on the 20th August. A limited number of complaints from customers are starting to come through. The replacement scheme is provided for in the January 2009 fares MAF, with a commencement date for the issue of new photo-cards of 2nd January. Planning work for the new scheme is in hand.

**Travelcard season ticket multipliers:
a proposition for discussion
28/08/08**

<p>The Proposition</p>	<p>For Travelcard season tickets valid in Zones 1-9 only, it is proposed to increase the multiple of a weekly ticket charged for monthly and annual tickets as follows</p> <table border="1" data-bbox="740 510 1358 680"> <thead> <tr> <th></th> <th>monthly</th> <th>annual</th> </tr> </thead> <tbody> <tr> <td>today</td> <td>3.84</td> <td>40</td> </tr> <tr> <td>January 2010</td> <td>3.90</td> <td>41</td> </tr> <tr> <td>January 2011</td> <td>3.95</td> <td>42</td> </tr> <tr> <td>increase</td> <td>+2.9%</td> <td>+5%</td> </tr> </tbody> </table>		monthly	annual	today	3.84	40	January 2010	3.90	41	January 2011	3.95	42	increase	+2.9%	+5%
	monthly	annual														
today	3.84	40														
January 2010	3.90	41														
January 2011	3.95	42														
increase	+2.9%	+5%														
<p>Rationale</p>	<p>Monthly and annual tickets currently offer significant discounts against all other TfL tickets, including weekly seasons and PAYG. This is hard to justify particularly in the case of London Travelcards which are used extensively for leisure travel at weekends and at holiday times, not simply for commuting.</p>															
<p>Financial Implications</p>	<p>The proposed increases should raise around £12m pa for TfL (£60m over 5 years). There will be no increase in Train Company revenue since the proposed increases will count towards regulated fare caps (generally RPI +1%)</p>															
<p>Use of Funds</p>	<p>The funds raised will be used to improve fares integration and the extension and acceptance of smartcard ticketing in the London area.</p>															
<p>Operational Implications</p>	<p>To avoid the need for changes to national fare policies, multiples for railway only season tickets (including tickets from outside London which include a Travelcard component) will remain unchanged. Operating the new policy will require significant development of Train Company systems, costing notionally £0.2m, which TfL will fund, along with the costs of testing and communications to staff and passengers.</p>															
<p>Odd Period Tickets</p>	<p>Around 1% to 2% of Travelcard season ticket customers purchase odd-period tickets – eg for 5 weeks rather than a month. This facility will no longer be offered and customers encouraged to switch to PAYG for any odd days required. An exception to this may be needed to cater for term time scholars' tickets purchased by local authorities.</p>															
<p>Bus Pass seasons</p>	<p>Bus Pass season multipliers will be adjusted as for Travelcards. The revenue raised will be some £1m pa.</p>															

Fares Policy: Issues for 2010

1. Introduction

There are three major interconnected issues up for discussion for the 2010 fares revision:

- a. Overall fares levels and specific changes
- b. Oyster pay as you go extension on national rail
- c. Withdrawal of paper products

Following a discussion of the background around this fares revision these items are discussed in this paper.

2. Background

London has followed a policy of annual fares changes for a long time. Fares can change up to four times each year but major fares changes are usually made in January. Fare change dates are coordinated with the national rail industry resulting in three fixed dates in January, May and September.

The Mayor sets all fares on the TfL system under powers granted by the GLA Act. The only major constraint to this comes from fares agreements with national rail with the Travelcard Agreement being particularly significant. Under the Travelcard Agreement fares need to be set jointly by TfL and the train operating companies (TOCs). In the event that agreement is not reached fares must change by the annual change in RPI each January, with the July RPI being the relevant benchmark.

In the past TfL and national rail have followed a variety of fares policies. For example, during the early part of this decade TfL had RPI only increases in fares. That followed a long period of increase at RPI+3%. The TOCs were mandated to follow an RPI-1% policy after privatisation but from 2002 this was changed to an RPI+1% policy.

TfL's current business plan assumes an RPI+1% fares increase each year. Deviating from this policy creates (or destroys) about £25 million in revenue in the first year for each percentage point deviation. Over the course of the business plan such a deviation would result in changes to revenue of about £200 million.

3. Timetable for decision making

In order for fare changes to be implemented for January 2010 decisions on fares will need to be taken by the end of July 2009. This allows time for discussions to take place with TOCs and for any resulting changes to be incorporated by September, when the process of producing electronic fares tables needs to start.

4. Overall fares level

The annual change in the Retail Price Index is likely to be negative in July this year. Recent months have shown a slight increase in underlying index after sharp falls between September 2008 and January 2009. Were the index to remain constant between now and July, something that is broadly expected, the annual change in the RPI would be -2.4%. Under these circumstances a fares freeze would deliver the equivalent of an RPI+2.4% increase. There is obviously some risk that inflation between now and July erodes some of this increase.

There is clearly a choice to be made about what overall level of fares are acceptable for January. Maintaining an RPI+1% fare change policy will result in a reduction in fares of 1.4%. If this results in disagreements with the TOCs then it is also possible that the Travelcard Agreement defaults to a 2.4% reduction in fares thereby making Travelcards cheaper relative to Oyster pay as you go (PAYG). This would be against the trend of fares policy for the past several years as Travelcards are already generally cheaper than Oyster PAYG. A fares reduction is also likely to result in demands from customers to refund fares on the unused portion of season tickets.

From a broader perspective of fares integration with national rail (discussed further below) it would be useful to have a fares freeze. The DfT is proposing to stick with a fares policy of RPI+1% for January 2010. So far the TOCs and the DfT seem content with the idea of freezing Travelcard fares in London and concentrating the reductions on Oyster PAYG. PAYG fares on TOCs in London will replace single and return tickets that are significantly more expensive than TfL's fares. Concentrating reductions on these fares brings them closer to TfL's fares and improves the prospects that, in the future, there will be complete integration of fares between TfL and the TOCs.

From a business plan perspective, the impact of a fares freeze compared to an RPI+1% fares change would be to create an additional £40m in the first year and, if followed through with RPI+1% increases in future years, about £320 million over the business plan period.

Based on practicality and revenue considerations it is recommended that the Mayor direct a fares freeze for January 2010.

We propose to make one change in fares in addition to the freeze, which is to remove the difference between the daily capping rates on Oyster pay as you go and the price of the equivalent one day paper product. The rationale for this on one day Travelcards is straightforward. Until now the 50p discount on the daily cap reflected the fact that PAYG was a slightly more limited product compared to the one day Travelcard as PAYG is not accepted on national rail. However, by January 2010 PAYG will be accepted on all national rail services, at which stage there is no distinction between the daily cap and Travelcard fares. The revenue raised by this increase in the daily cap will offset reductions in the interchange penalty between national rail and TfL services for PAYG travel.

A similar increase in the daily cap for bus travel will help raise some additional revenue for buses and also aid in the removal of the daily bus pass product.

5. Oyster PAYG on national rail

Over the past 18 months Oyster PAYG acceptance has started on some TOC services (Chiltern, c2c, First Great Western, and some services on National Express East Anglia). Some other inter-available routes have had Oyster PAYG since its initial launch on TfL services. TfL fares apply on all these services, reflecting the fact that most of the services offered by these TOCs are closely intertwined with the Tube.

Later this year Oyster PAYG will go live on other TOCs, and in particular on Southeastern, Southern, Southwest and First Capital Connect. The introduction of PAYG will require a different fare structure on these services. In line with current arrangements the PAYG agreement allows the TOCs to set their own fares on their services. This will mean that we end up with three different sets of fares for Oyster PAYG on rail services – TfL fares, TOC fares and through fares. TOC fares are likely to be much higher than TfL fares.

While integration of these fares would be a good idea attempting to do so in January 2010 is difficult. Within the constraints of an overall fares freeze the only way that integrated fares could be achieved is by TfL offering compensation to the TOCs for lost fare revenue if they bring their fare levels down to TfL levels. This is clearly not affordable and offers no particular policy benefits.

In the longer term it is possible to achieve convergence between TfL and TOC fares by selectively balancing both TfL and TOC fares to find the right equilibrium. The only thing that can be done in this direction in the near future is to continue working with the DfT and the TOCs to keep fare integration high on the agenda for future fares policy.

In the nearer term we will need to find ways to communicate the more complex fare structure to the travelling public. We will however be helped by the elimination of the restrictions on use of PAYG on national rail services.

There is broad agreement within TfL that this is the only feasible path open to us.

6. Withdrawal of paper products

Despite the widespread use of Oyster we continue to offer a paper alternative to some products. These legacy products cause complexity in the fares structure and make it harder to present a simple customer proposition. For example, the fares system is currently cluttered with 270 different fares products, of which only 44 are sold. The top 10 products account for 99% of sales and the top 20 for 99.9% of sales.

These products cause more than system complexity though. Paper products are typically more expensive to retail and more prone to fraud and misuse.

Some paper products also have a dependency on ticket offices. For example, child rate accompanied One Day Travelcards are sold for £1 only from ticket offices. For Londoners this is a redundant product as children under the age of 11 travel free on TfL services and above the age of 11 children generally have an Oyster card where a range of cheap fares are on offer in addition to free travel on buses.

The most recent experience of withdrawing a paper product was with the Bus Saver Ticket that was withdrawn in September 2008. This resulted in no complaints.

It is now proposed to withdraw more paper products. The proposal for each of these products is outlined in Table 1. Each of these proposals result in savings in commissions or reduction in fraud.

We estimate that the fraud and commission savings from these changes will be around £5m in 2010 and, following withdrawal of One Day Travelcards completely, more than £7m.

7. Conclusions and decisions sought

Based on all of the factors explained in this paper the Mayor is asked to agree:

- Planning for a fares freeze in January 2010.
- Removal of the 50p discount on daily capping
- Withdrawal of the paper products as detailed in Table 1

Table 1: Proposal for paper tickets

Product	Current sales	Proposal	Rationale	Savings
One Day Travelcards	230,000 per day; of which approx. 23,000 are sold from Oyster Ticket Stops	Withdraw from Oyster Ticket Stops in Jan 2010 Withdraw from LU stations in 2011?	High commission products – 5%; substitute available with Oyster PAYG once Oyster launches on national rail Subject to numbers becoming more manageable; need to cater to tourist trade	c. £1.2m p.a in commissions £0.5m-1m in fraud reduction £2m? p.a. in fraud reduction
One Day Bus Passes	11,000 per day, mostly from Oyster Ticket Stops	Withdraw product from Jan 2010	High commission products – 5%; substitute already available with Oyster PAYG	£0.4m p.a. in commissions
Child rate Travelcards	£1 accompanied tickets: 5,000 per day £2 tickets: 15,500 per day; of which 5,300 from Oyster Ticket Stops	Withdraw product completely Stop sales from Oyster Ticket Stops along with other paper products	Marginal product; One Day Cap on child cards provides equivalent value for Londoners; high scope for fraud and misuse Removal in line with One Day Travelcards; high proportion of sales at Oyster Ticket Stops indicates fraud	c.£1.5m p.a. in revenue/fraud reduction c.£1.5 in fraud reduction/commissions
Three Day Travelcard	Marginal	Withdraw product completely	Largely redundant product now with high usage of PAYG	Marginal
				Total: c.£7.1m-7.6m p.a.

RPI versus RPI+1% fares in 2013

Draft October 25 2012

This note examines the differences between TfL fares packages of RPI and RPI+1% for January 2013.

Background

The retail prices index for the benchmark month of July 2012 was up 3.2% on the value the previous year. This means that an RPI fares increase in January equates to a 3.2% increase overall and an RPI+1% increase to 4.2%.

Travelcard prices

Travelcard prices must be agreed with the Train Companies. Their fares target for 2013 has now been reduced by the government to RPI+1% from RPI+3%.

It is proposed to adopt an RPI+1 increase for the Travelcard whether or not the overall TfL package aims for RPI or RPI+1.

The reason for this is that the Train Companies are remitted to seek an RPI+1 increase overall. If compelled to adopt RPI only, the Companies would simply increase their other London fares disproportionately.

Some 75% to 80% of Travelcard users are ABC1. The Travelcard accounts for around a half of Tube fares income and around a third of bus fares income.

A typical weekly Travelcard costs £40, and will increase by around £1.60 whether or not the overall package adopted is RPI or RPI+1.

TfL Rail only fares - PAYG.

For TfL rail, the other major source of fares income is PAYG. Rail PAYG fares will increase by just over 4% (like the Travelcard) if an RPI+1 overall target is agreed but by only just over 2% if the overall fares target is RPI or 3.2%

Some 80% of rail PAYG users are ABC1.

Table 1 shows that with the RPI package most PAYG fares increase by 10p only with some fares frozen. With the RPI+1 package, some peak fares increase by 20p.

Bus only fares

Aside from the Travelcard, bus fares income comes from PAYG and the Bus and Tram season. Proposed bus fare increases with the RPI and RPI+1 packages are shown in Table 2. Essentially, the RPI only package means the 135p PAYG single fare can be frozen; whereas it increases by 5p to 140p under the RPI+1 package.

Nearly 60% of bus PAYG users are ABC1.

Fares Yields

The RPI+1 package is estimated to yield some £134m in a full year. The RPI package yields some £109. See Table 3.

Impacts on typical Londoners and typical households

Annex A and Annex B give examples of the fare changes for typical users and families. Annex C shows trends in the proportion of Londoners' disposable income absorbed by fares, which was 2.8% in 2011.

Table 1: TfL Rail PAYG fares proposed increases in Jan 2013

	2012 prices	Increase (pence)	
		RPI package	RPI+1 package
Peak			
<i>No. of zones including Zone 1</i>			
1	£2.00	10	10
2	£2.70	10	10
3	£3.10	10	10
4	£3.60	10	20
5	£4.40	10	20
6	£4.80	10	20
<i>No. of zones excluding Zone 1</i>			
1 or 2	£1.50	-	10
3	£2.20	10	10
4 or 5	£2.60	10	10
Off peak			
<i>No. of zones including Zone 1</i>			
1 or 2	£2.00	-	10
3 or 4	£2.60	10	10
5 or 6	£2.90	10	10
<i>No. of zones excluding Zone 1</i>			
up to 5	£1.40	-	10

Table 2: TfL bus fares proposed increases in Jan 2013

	2012 prices £	RPI Package pence	RPI+1 package pence
PAYG single	1.35	-	5
Day cap	4.20	20	20
Cash single	2.30	10	10
7 Day Pass	18.80	80	80

Table 3: Revenue yields from the 2 January 2013 fare changes

	Bus		Tube		London Rail	
	RPI	RPI+1	RPI	RPI+1	RPI	RPI+1
	£mpa	£mpa	£mpa	£mpa	£mpa	£mpa
Price effects						
Cash single	2	2	2	4		
PAYG	12	23	20	38		
Bus and Tram season tickets	12	12	-	-		
Travelcards	11	11	41	41		
Total yield from higher prices	37	48	63	83	9	12
	+3.2%	+4.2%	+3.2%	+4.2%	+3.2%	+4.2%
Losses due to higher fares after allowing for inflation	0	-3	0	-5	0	-1
Final revenue yield	37	45	63	78	9	11

Effects of RPI and RPI+1 fare rises for typical Londoners

Tube commuter using monthly Travelcard season from Zone 4 into Zone 1 - lives in Woodford (Zone 4) and travels to work each weekday in Westminster. He also makes a number of Tube and bus journeys at weekends and during evenings. He currently pays **£160.60** per month for the Travelcard which covers all his journeys. In January this will increase by **£6.90** to **£167.50** under either RPI or RPI+1 scenario.

If this commuter has a net income of £40,000 p.a. in 2013, travel costs under either option will represent 5.03% of after-tax income.

Bus commuter Zones 1-2 – lives in Camberwell with work split between home and 2-3 days a week in the office in Victoria. He currently pays **£2.70** for the return journey – using Oyster PAYG. However, from 2 January 2013, user will pay **£2.80** per day under the RPI+1 scenario. Fares are frozen under the RPI scenario.

If this commuter has a net income of £20,000 p.a. in 2013, travel costs under the RPI option will represent 1.76% of after-tax income, or 1.82% under the RPI+1 option.

Bus commuter and leisure user with a Weekly Bus and Tram Pass – lives in Bromley and travels to work in Croydon each day on the bus. He regularly travels after work to socialise with friends so purchases a seven day Bus and Tram Pass each week. This currently costs **£18.80**, but in January this will increase by **80p** a week to **£19.60** under either RPI or RPI+1 scenarios.

If this commuter has a net income of £30,000 p.a. in 2013, travel costs under either option will represent 3.40% of after-tax income.

Regular multi-modal commuter, bus and Tube – lives in Putney Bridge (Zone 2) and on a relatively regular basis makes multiple journeys on the Tube, bus and National Rail services in Zones 1 and 2. He prefers the flexibility of Oyster PAYG and on a weekday currently pays a maximum of **£8.40**, or **£7.00** if his first journey starts after 09:30. (The £7 day cap applies at any time at weekends.) These amounts **will not change** in January, although if he does not travel enough to reach the day cap he will pay 10p more for each Tube journey - and 5p more for each bus journey under the RPI+1 scenario.

If this commuter has a net income of £50,000 p.a. in 2013, travel costs under the RPI option will represent 5.80% of after-tax income, or 5.93% under the RPI+1 option.

Effects of RPI and RPI+1 fare rises on typical households

Single professional, no children, lives in Zone 2 and works in central London.

Tube commuter with monthly Zone 1-2 Travelcard

This also covers leisure travel by Tube and bus within Zones 1 and 2.

2012 cost per month: £112.20; 2013 cost per month: £116.80 (+4.1%)

Increase applies under the RPI and RPI+1 scenarios.

If this commuter has a net income of £30,000 p.a. in 2013, travel costs will represent 4.67% of after-tax income under either option.

Single parent with two school age children, lives and works full time in Zone 6

Bus commuter holds a monthly Bus & Tram Pass. Children take bus to school so travel free.

2012 cost per month: £72.20; 2013 cost per month: £75.30 (+4.3%)

Increase applies under the RPI and RPI+1 scenarios.

If this commuter has a net income of £15,000 p.a. in 2013, travel costs will represent 6.02% of after-tax income.

Two parent family living in Zone 4.

One parent works full time in the City travelling by Tube. The other works locally two days a week, travelling by bus, and makes occasional Tube journeys into Zone 1.

Older child age 19 attends college in Zone 2, travelling by Tube. Younger child age 15 attends school locally, travelling by bus.

2012 cost per month - £262.90 composed of:

1. full time commuter - £160.60 (Zone 1-4 Travelcard Season)
2. part time worker – £37.40 (20 bus PAYG + 4 off-peak Z1-4 Tube PAYG journeys)
3. older child - £64.90 (Zone 2-4 Travelcard with 30% discount)
4. younger child – free

2013 cost per month - £273.90 (+4.2%) composed of

1. Full time commuter - £167.50 (+4.3%)
2. Part time worker – £38.80 (+3.7%)
3. Older child – £67.60 (+4.2%); younger child – free.

If this household has a net income of £60,000 p.a. in 2013, travel costs under the RPI option will represent 5.45% of after-tax income, or 5.48% under the RPI+1 option.

London public transport fares related to trends in disposable income

Year	London households				London public transport weekly				Fares revenue as % of household income		Fares revenue per jry as % of weekly household income		
	Number m	Average size	Average weekly income		Fares revenue £m	Journeys m	Revenue per jry p	Journeys per h/hold	Fares rev per h/hold £	Disposable		Gross	
			£	£						%	%	%	%
2001	3.04	2.42	602	752	40.4	48.4	83.6	15.9	13.3	2.2%	1.8%	0.139%	0.111%
2002	3.07	2.39	587	736	41.1	50.4	81.7	16.4	13.4	2.3%	1.8%	0.139%	0.111%
2003	3.09	2.40	591	740	41.2	53.5	77.0	17.3	13.3	2.3%	1.8%	0.130%	0.104%
2004	3.11	2.40	592	743	45.9	57.9	79.3	18.6	14.8	2.5%	2.0%	0.134%	0.107%
2005	3.15	2.40	609	766	48.3	58.3	82.8	18.5	15.3	2.5%	2.0%	0.136%	0.108%
2006	3.18	2.39	647	818	51.9	58.0	89.5	18.2	16.3	2.5%	2.0%	0.138%	0.109%
2007	3.21	2.39	658	834	55.9	63.1	88.6	19.7	17.4	2.6%	2.1%	0.135%	0.106%
2008	3.24	2.39	712	900	58.5	65.3	89.6	20.1	18.0	2.5%	2.0%	0.126%	0.100%
2009	3.27	2.40	738	940	60.1	65.6	91.6	20.1	18.4	2.5%	2.0%	0.124%	0.097%
2010	3.31	2.40	776	982	66.1	66.7	99.0	20.2	20.0	2.6%	2.0%	0.128%	0.101%
2011	3.27	2.50	798	1009	73.4	68.8	106.7	21.1	22.5	2.8%	2.2%	0.134%	0.106%
Change 2001-2011	7.6%	3.6%	32.5%	34.2%	81.5%	42.2%	27.6%	32.2%	68.7%	27.4%	25.7%	-3.7%	-4.9%

Estimated number of households: from Department for Communities and Local Government up to 2010; from Census data in 2011.

Population estimates used to calculate household size are from the GLA 2011 round of projections up to 2010, Census data in 2011.

Household average weekly income estimates are from ONS Family Expenditure Survey up to 2010. The 2011 figures are estimates based on the ONS Annual Survey of Hours and Earnings.

Fares revenue and journeys include all Bus, Tube and NR fare payers except those buying Travelcards from NR stations outside London.

TRANSPORT FOR LONDON
MAYORAL BRIEFING

SUBJECT: BUSINESS PLAN AND FARES ASSUMPTION

DATE: 6 SEPTEMBER 2012

1 PURPOSE

- 1.1 The purpose of this note is to provide a briefing on the development of TfL's Business Plan; in particular to discuss the fares assumptions made in the Plan. A separate paper on the agenda considers specific fares proposals for January 2013.

2 BUSINESS PLANNING AND FARES

- 2.1 We are currently developing a revised Business Plan for submission as part of the Mayor's Budget process in November, with formal publication in December. The revised plan will incorporate delivery of Mayoral manifesto pledges and update for changes since publication of the last fully updated Plan in 2011.
- 2.2 Proposals for a revised Plan will be considered at an informal briefing session for TfL Board members on 25 September and submitted for approval at a public meeting of the Board on 12 December. The presentation of the plan will need to be co-ordinated with publication of the London 2020 document and considered as part of discussions with Government in 2013/14 on future grant and borrowing levels.
- 2.3 We develop our Business Plan over a ten year rolling cycle, which is important given the long lead time of major transport investments such as Tube line upgrades and major road schemes. However, we have generally published plans only to the period of TfL's funding settlement with Government (currently to March 2015). It may be appropriate this year to publish a longer term plan as part of the preparations for the next Spending Review.
- 2.4 Clearly over such a long period there are many funding uncertainties and we therefore need to base the plan on such assumptions. These assumptions can then be revisited as part of the annual updating of the plan. We have currently developed the following assumptions as a central funding scenario:
- **Savings:** We have assumed we will continue to deliver a 2.5% per annum reduction in TfL operating costs on top of the savings of £1.3bn in 2012/13, £1.5bn in 2013/14 and £1.6bn in 2014/15 already embedded in TfL's plans. (These figures include the £135m in 2012/13 and £270m in 2013/14 already committed as part of the last two Continuous Savings Exercises.) We believe such savings can be delivered without impacting core services. This commitment delivers an extra £3.3bn of funding over the period 2014/15 to 2021/22.

- **Commercial income:** A greater focus on commercial income (e.g. property, advertising, sponsorship) is projected to increase receipts from £200m in 2011/12 to over £300m in 2021/22, generating an additional £1bn over the period.
- **Contingency:** Based on recent years' experience, where we have delivered capital projects without needing to draw on contingency, we can release £500m of contingency from the plan to deliver new investment. This leaves overall contingency of around £700m, which we believe is prudent for the size of the investment programme. In addition, recognising that many factors can cause delays in expenditure on capital investment, we will increase the provision for under-delivery of capital programmes to £200m in each of 2013/14 and 2014/15. We will revisit assumptions for future years in future developments of the plan.
- **Government grant:** As a central case we have assumed that Government investment grant is held constant in real terms from 2014/15 but that general grant (including the transfer to business rate funding) is cut in line with the Chancellor's announced reductions in overall public expenditure (i.e. a cut of 3.8% a year). This assumption is broadly in line with the outcome of the 2010 Spending Review which saw investment funding protected but general grant cut in line with general government spending. We will of course argue our case for specific investment in the next Spending Review but equally the Treasury may be looking for deeper cuts to meet debt reduction targets.
- **Fares:** Our central case assumes a policy pegged to national rail fares policy. Thus we have assumed RPI+2% in January 2013 and January 2014, when national rail fares are announced to increase at RPI+3%. We would not expect to implement these fare increases but to receive additional funding if DfT succeed in their discussions with the Treasury to hold fares increases to RPI+1%. Beyond 2014, we have assumed fare increases of RPI+1% in this scenario and we go on to discuss the impact of lower fares policies below. The Business Plan assumption on fares does not constrain the Mayor's annual decision but it does represent an important context and will be seen as an indication of future intent.

3 INITIAL PROPOSED BUSINESS PLAN CONTENT

3.1 As highlighted above, the Business Planning round is in its early stages. While further refinement of programmes' cost and scope is required, this funding position would support the delivery of the following highlights:

As the current Business Plan intends:

- The ongoing maintenance and renewal of TfL's assets to deliver the lowest whole-life cost
- The operation of our current services
- The construction of Crossrail by 2018
- The completion of the Northern line by December 2014 and Sub-Surface lines upgrade by 2018
- The roll-out of the 600 New Bus for London vehicles by 2016

- The completion of congestion relief schemes already underway (Bond Street, Victoria, Paddington, Tottenham Court Road)
- The New South London line by the end of this year
- The introduction of contactless payment on all TfL modes

New items in addition to current Business Plan:

- The funding required to meet the 30% improvement in reliability by 2016 set for London Underground and funding to ensure that the DLR and Tramlink continue to operate reliably.
- The Deep Tube Programme, replacing the trains and signalling on the Central, Piccadilly, Bakerloo and Waterloo & City lines, with air-conditioning on upgraded lines and automation on Piccadilly and Central lines.
- Major investment in London's roads to increase capacity and maximise the reliability of the network for all road users, including implementing schemes through the Mayor's Congestion Blackspot fund.
- Cycle safety measures including one hundred junction reviews and an east-west cycle superhighway, cycle hire phase 3 and funding to improve cycling on borough roads.
- Capacity enhancements to the Northern line, Jubilee line and the London Overground, including an additional car on all Overground trains.
- The development and, with tolling once operational, construction of the new Silvertown tunnel and replacement to the Woolwich ferry at Gallions Reach
- Completion of projects related to growth areas, including Elephant & Castle, Tottenham Hale, Kennington and Woolwich together with Roads related schemes such as at A13 Renwick Road, Fiveways at Croydon and Old Street roundabout
- The major congestion relief scheme at Bank and the beginning of funding for other overcrowded stations, likely to include Holborn, Victoria (District & Circle) and Paddington.
- The investment required to ensure that should Rail Devolution for South Eastern and West Anglia be granted to TfL we can deliver the service promised.
- Maintaining from 2016 the level of funding for policing and the amount given to the London Boroughs through the LIPs.

3.2 The above list represents our judgement of the most balanced business plan proposition, but (subject to further analysis) does not meet all desired outcomes. It does not provide funding for expansion of the bus network, major DLR or Tramlink network extensions and the improvements in air quality and environmental measures is quite limited.

3.3 The above package includes funding for a number of projects designed to unlock the growth of development across London. There is £200m earmarked for roads investment to promote growth and £130m for LU and Crossrail projects (including those listed above). This is distinct from the suggestion of a fund which could enable borrowing against development-related receipts generated by the GLA and the Boroughs, which is being discussed separately.

- 3.4 If reduced funding was available, further prioritisation would have to take place. Specifically, if fares were only increased by RPI+1% in January 2013 and 2014, this would lose around £600m of funding. This is broadly equivalent to:
- Bank Station Upgrade; or
 - Northern Line Upgrade 2 & additional Jubilee Line trains; or
 - Safer and Expanded Cycling; or
 - Tube and Road Network reliability improvements
- 3.5 If Fares were only increased by RPI only throughout the plan period, this would lose around £2.2bn of funding, broadly equivalent to all the items listed in the paragraph above.

4 NEXT STEPS

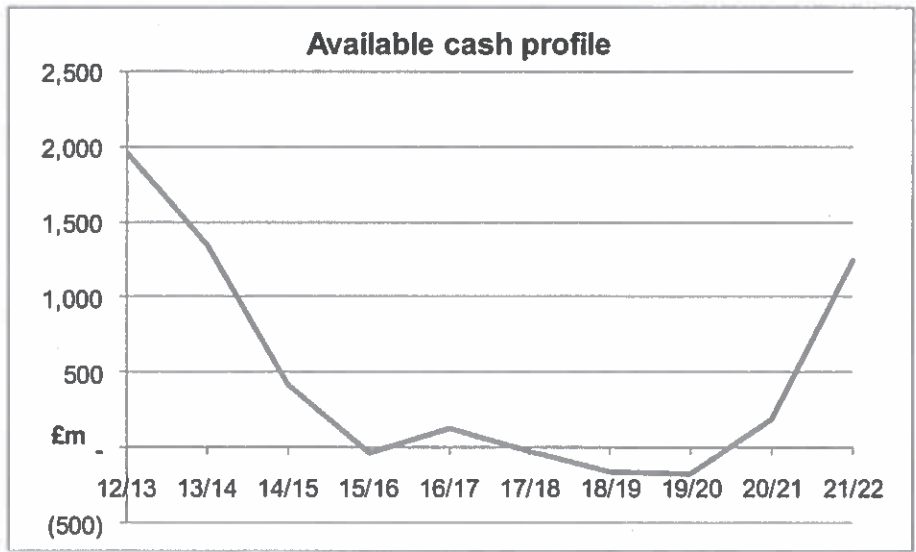
- 4.1 Work continues on the Business Plan process, with a Board members session planned on 25 September. This will take attendees through the process to date, highlighting the challenges and assumptions made, together with the proposition for the Business Plan.
- 4.2 We recommend agreement to the funding assumptions outlined in this paper for further discussion with the Board. If DfT are not successful in securing additional funding to limit fare increases to RPI+1%, we would revert to an assumption of RPI+1% and re-prioritise schemes as suggested in paragraph 3.3 above.

Appendix – Cash detail of funding and options

CONFIDENTIAL: Business Plan proposition - work in progress

	10 year Total
Total 10 year funding available from existing Business Plan <i>includes 600 New Bus for London vehicles by 2016</i>	6,912
Amend for:	
Unspent CSE3 savings	745
Unspent CSE4 savings	1,339
LIPS reduction reversal	(295)
Policing funding reversal	(244)
Revised forecast to deliver existing Business Plan outputs under existing funding	8,458
Business Planning Funding Option Changes:	
Reduce Fares assumption to RPI+2% for 2 years, then RPI+1% from Jan 2015	(1,092)
Reduce Grant so Investment Grant protected, General Grant falls by 3.8% p a	(2,199)
Include New Savings Programme - c2.5% of controllable operating expenditure	3,335
Include additional Commercial Development income	500
Include reduction in Project Contingency held	526
Include additional Overprogramming assumption	200
Cash available to use for Business Planning 'Building Block' Options	9,728
Business Planning Options Chosen	
E1 Meeting 30% London Underground reliability 2016 target	(281)
C5a Deep Tube Programme, replacing trains and signalling on Central, Piccadilly, Bakerloo and W&C lines	(3,027)
A1/A2/A3a Major investment in London's roads to increase capacity and maximise the reliability for all road users, together with supporting growth areas such as schemes as A13 Renwick Road, Fiveways at Croydon and Old Street Roundabout	(1,464)
A5/A6 Cycle safety and growth measures including 100 junctions, E-W Superhighway and Cycle Hire	(640)
D1/D2 Capacity Enhancements to the Northern, Jubilee, and Overground Lines	(1,039)
H2 Development, and with tolling, construction of new Silvertown Tunnel and replacement to the Woolwich Ferry at Gallions Reach	(140)
G5 Completion of station projects related to growth areas including Elephant & Castle, Tottenham Hale, Kennington and Woolwich	(127)
G1/G4 Major congestion relief schemes at Bank and other stations (likely to include start of work at Holborn, Victoria (District & Circle) and Paddington)	(760)
J1/J2 Investment required to ensure service promised through Rail Devolution can be delivered	(226)
A4 Road Safety improvements including delivery of 70 RSAP actions, innovative technology and targeted	(100)
B1 Bus Network growth & reliability beyond 2015	(238)
B3 Improvement to Bus Infrastructure such as Bus Stations and Shelters	(60)
F1 Responding to Environment challenge	(90)
G3 Crossrail station complementary measures such as Walking, Cycling and Urban Realm improvements	(30)
H3 Northern Line Extension	-
D3/H8 Tramlink - address Wimbledon pinchpoint and DLR Double Tracking	(77)
J3 LU Station Transformation - Improved ticketing machine provision	(73)
J8 Low cost accessibility improvements including making more bus stops accessible	(20)
J9 Bus Driver Customer Service Additional Training	(48)
J10 Putting Customers at the heart of TfL by improving transparency and making TfL easier to deal with	(9)
K1 IM life expired desktop computers replacement	(30)
	(8,476)
Remaining cash available (in 2021/22)	1,252
Highest Priorities not currently funded	
F1/F2/F3 Additional Environmental Improvements	(318)
G7/J8 Improved Accessibility Works	(297)
J3/J4/J5 Customer Transformation	(253)
Travel Demand Management	TBC
B1 Bus Network expansion	(450)
H8 Tramlink extension to Crystal Palace	(160)
H7 Tramlink extension to Sutton	(220)
H5 DLR extension to Bromley	(239)
H8a DLR extension to Dagenham Dock	(700)
H8b Dagenham Dock road scheme	(100)
Total Cost of options not currently funded	(2,736)

Appendix – Cash remaining profile after funding and options



TRANSPORT FOR LONDON
MAYORAL BRIEFING

SUBJECT: JANUARY 2013 FARES

DATE: 6 SEPTEMBER 2012

1 PURPOSE

- 1.1 This note considers options for the TfL fares revision in January 2013. A separate paper on the agenda considers the fares assumptions to be taken in the TfL Business Plan for the years after 2013.

2 BACKGROUND

- 2.1 The existing TfL Business Plan assumes an annual fares increase of RPI+2%. Fares revisions in January are generally based on the published RPI for the preceding July, which was 3.2%.
- 2.2 Under the current DfT policy, national rail fares are due to be increased by RPI+3% in January 2013 and 2014, before reducing to RPI+1% in 2015. Travelcards are part of the DfT regulated fares basket so the London Train Operating Companies will seek an increase to Travelcard prices in line with the general increase in national rail fares.
- 2.3 There has been considerable public pressure to reduce the national rail increases. It is possible that, as last year, the Treasury funds DfT to accept a lower increase (most likely RPI+1%). In that case, we would press for DfT to pay additional grant to TfL to fund the difference between RPI+2 and RPI+1. It would be important not to make any announcement on TfL fares ahead of clarity on whether such funding might be available
- 2.4 Based on these considerations and choices made on TfL's fares there are essentially four key outcomes as listed in the table 1 below.

Table 1: Summary of fares options

NR increase	RPI+3%= 6.2%		RPI+1%= 4.2%	
TfL increase	RPI+1%= 4.2%	RPI = 3.2%	RPI+1%= 4.2%	RPI = 3.2%
Travelcards	RPI+3%	RPI+3%	RPI+1%	RPI+1%
Tube PAYG single	some 10p increases	freeze	10p to 20p increases	some 10p increases
day cap	freeze	freeze	freeze	freeze
Tube cash single	440p/550p (+10p/20p)	freeze	450p/550p (+20p)	440p/540p (+10p)
Bus & Tram PAYG single	140p (+5p)	135p (no change)	140p (+5p)	135p (no change)
day cap	430p (+10p)	430p (+10p)	440p (+20p)	440p (+10p)
Bus & Tram cash single	240p (+10p)	240p (+10p)	240p (+10p)	240p (+10p)
Bus & Tram 7 Day Pass	£19.60 (+80p)	£19.60 (+80p)	£19.60 (+80p)	£19.60 (+80p)
TfL revenue yield £m pa	£134m	£108m	£134m	£108m

Ticketing context

- 2.5 The forthcoming roll out of Wave and Pay bank card acceptance – on buses from early 2013; and on rail from early 2014 will reduce the need for printed tickets and open the way for a major streamlining of TfL's ticketing
- 2.6 Following the launch of Wave and Pay on buses, an option is presented to introduce cashless bus operation from mid 2013. Progressive measures are also outlined to greatly reduce printed ticket use on the Tube. By 2016, the vision is that nearly all transactions on TfL's services will be smartcard based, using either TfL's own cards, cards issued by the National Rail companies or contactless bank cards. Most customer services would be provided automatically or on-line.

3 TFL RAIL FARES IN JANUARY 2013

- 3.1 For January 2013, if DfT remain with a RPI+3% fares policy, it is proposed that TfL agrees to Travelcard prices increasing by RPI+3% ie by 6.2%, as set out below in Tables 2a and 2b below. Permitting Travelcard prices to increase in this way avoids the risk of the Train Companies increasing their own PAYG fares by the maximum permitted amount (of RPI+3%+5% or around 11%) in order to achieve the revenue targets set by DfT. It also allows the fares controlled directly by the Mayor (cash and PAYG) to be increased by less and the one day caps corresponding to the One Day Travelcard tickets to be frozen at 2012 prices.

**Table 2a: Travelcard seasons – 7 Day ticket prices
RPI+3 increases in January 2013**

	2012	2013	Increase
Zones inc Zone 1			
2	£29.20	£31.00	6.2%
3	£34.20	£36.40	6.4%
4	£41.80	£44.40	6.2%
5	£49.80	£52.80	6.0%
6	£53.40	£56.80	6.4%
Zones exc Zone 1			
2	£22.00	£23.40	6.4%
3	£24.20	£25.80	6.6%
4	£29.00	£30.80	6.2%
5	£36.40	£38.60	6.0%

**Table 2b: One Day Travelcard prices
RPI+3 increases in January 2013**

	2012	2013	Increase
Anytime			
1-2	£8.40	£9.00	7.1%
1-4	£10.60	£11.20	5.7%
1-6	£15.80	£16.80	6.3%
Off-peak			
1-2	£7.00	£7.40	5.7%
1-4	£7.70	£8.20	6.5%
1-6	£8.50	£9.00	5.9%

- 3.2 Table 3 sets out the cash yield for differing levels of fares increase overall compared with the existing Business Plan assumption of RPI+2%.

Table 3: Indicative yields from alternative January 2013 fare increases

	Base revenue £m	£m yield with fare increase of..			
		RPI+2 (5.2%)	RPI+1 (4.2%)	RPI (3.2%)	TfL-only freeze
Bus & Tram	1,180	54	46	38	16
TfL Rail	2,229	105	88	70	70
TfL total	3,409	159	134	108	86

All options assume Travelcard prices increase by RPI+3 (6.2%).

- 3.3 If TfL is seeking to raise fares overall by RPI+1% and Travelcards are increasing by RPI+3%, the fares set out in Table 4 would deliver the required yield of £88m.

Table 4: PAYG fares on TfL rail services – with RPI+1 overall TfL increase

	2012		2013		Increase - pence		Increase - %	
	Peak	Off-peak	Peak	Off-peak	Peak	Off-peak	Peak	Off-peak
Zones inc Zone 1								
1	£2.00	£2.00	£2.10	£2.00	10	-	5.0%	-
2	£2.70	£2.00	£2.80	£2.00	10	-	3.7%	-
3	£3.10	£2.60	£3.20	£2.70	10	10	3.2%	3.8%
4	£3.60	£2.60	£3.70	£2.70	10	10	2.8%	3.8%
5	£4.40	£2.90	£4.50	£3.00	10	10	2.3%	3.4%
6	£4.80	£2.90	£4.90	£3.00	10	10	2.1%	3.4%
Zones exc Zone 1								
1	£1.50	£1.40	£1.50	£1.40	-	-	-	-
2	£1.50	£1.40	£1.50	£1.40	-	-	-	-
3	£2.20	£1.40	£2.30	£1.40	10	-	4.5%	-
4	£2.60	£1.40	£2.70	£1.40	10	-	3.8%	-
5	£2.60	£1.40	£2.70	£1.40	10	-	3.8%	-

Note: The table shows PAYG price increases needed to achieve an RPI+1% increase across all ticket types if Travelcard prices increase by RPI+3%. PAYG caps including rail travel are frozen.

- 3.4 Finally, if the TfL fares target is RPI, it will be possible to freeze TfL rail single fares and the associated one day caps. This RPI package will yield around £70m pa across LU, the DLR and LOROL giving the required yield set out in Table 3.
- 3.5 Should the Train Companies be given a revised RPI+1% target in the autumn, the proposed Travelcard season ticket increases would also be scaled back. The proposals for TfL single fares would then be adjusted to achieve the overall TfL fares target. Oyster one day caps would be frozen.
- 3.6 Creating a differential between the One Day tickets and the Oyster caps reflects the longer term vision of encouraging Oyster use and eliminating most printed ticket sales. The fare paid by PAYG users, typically 200p per Tube trip, would also move closer to that for the Travelcard - which is around 160p per Tube trip. This would create a more level playing field for part-time workers, for example.

TfL rail fares and ticketing in the later years to 2016

- 3.7 It is proposed that a similar approach to TfL rail fare setting is maintained throughout the period to 2016. Travelcard prices would reflect the National Rail target while other fares would be held down where possible, depending on the overall TfL target adopted.
- 3.8 The major change to rail ticketing in the period to 2016 will come with the start of contactless bank card acceptance for PAYG rail travel in 2014. This will make PAYG more attractive – particularly amongst visitors and less frequent users. There will be no need to get an Oyster card before travelling and no need to top-up every few rides

3.9 As customers switch to the new bank card offer, TfL's ticketing costs will fall while new users will grow fares revenue. Sales of printed magnetic tickets will diminish, helping reduce congestion at stations and queues at ticket offices. As demand falls, one day printed tickets would be gradually withdrawn, with such tickets withdrawn completely by 2016. The one day caps would remain in place.

4 BUS AND TRAM FARES IN JANUARY 2013

4.1 Table 5 illustrates the increases in bus only fares needed to achieve overall bus fares yields of RPI or RPI+1% in January 2013 (3.2% and 4.2% respectively). The increases yield between some £38m and £46m pa in 2013, as indicated in Table 3.

Table 5: Bus and Tram fares prices with lower overall increases

	2012	2013 – RPI+1 increase			2013 – RPI increase		
	Price	Price	Pence	%	Price	Pence	%
PAYG - single	£1.35	£1.40	5	3.7%	£1.35	-	-
PAYG – one day cap	£4.20	£4.30	10	2.4%	£4.30	10	2.4%
Cash - single	£2.30	£2.40	10	4.3%	£2.40	10	4.3%
7 Day Bus and Tram Pass	£18.80	£19.60	80	4.3%	£19.60	80	4.3%

Note: The table shows bus and tram ticket price increases needed to achieve overall increases across all ticket types of RPI+1% or RPI if Travelcard prices increase by RPI+3%.

4.2 The RPI+1% target requires the PAYG bus single fare to increase by 5p to

4.3 140p. This fare can be frozen with the RPI only fares target. If all bus only fares, including the bus cash single fare and the Bus Pass price, are frozen, the overall bus yield is under 1.5% - less than inflation – even with Travelcard prices increasing by RPI+3%. This is because Travelcard income is less important to buses than to the Tube. The overall TfL increase if all bus only fares and all TfL rail fares are frozen is around 2.6%. This increase yields some £86m pa in 2013, as shown in the last column of Table 3.

5 OTHER FARE OPTIONS

5.1 Other options which could be considered for introduction in 2013 include reduced bus transfer fares (proposed by Assembly members), cashless bus operation and child bus fares.

Bus transfer fare option

- 5.2 A bus transfer discount would comprise a reduced PAYG fare charged when a second bus trip is started within an hour of an initial full fare trip, again perhaps starting at 90p in 2013. The second bus discount could be of any size and could be increased over time to give a half or ultimately a free transfer facility. The standard fare would apply to a third bus trip starting within an hour of the first. However, the new trip would open a further one hour window during which a trip would qualify for the transfer discount
- 5.3 Introducing a reduced fare of this kind for bus transfers would be a major step towards resolving the current anomaly whereby PAYG bus journeys of similar length attract higher fares if no direct bus service is available. This penalty does not apply in the case of Bus Passes or Travelcards or in the case of Tube single fares. As well as being a significant source of customer complaint, this would relieve one of the constraints on bus network planning.
- 5.4 Transfer discounts would also help level the playing field in terms of fare paid per ride between the Bus Pass season and PAYG. Fare per ride is currently around 60p for Bus Pass seasons and over 100p for PAYG bus trips, even after allowing for daily capping.
- 5.5 The costs of offering a free transfer would be substantial – over £50m pa at current fares. This is one reason why phasing in the discount to offer a free transfer by 2016, say, looks attractive. By 2016, the further option of offering free travel for all bus rides begun within an hour – essentially providing a one hour bus fare - should be technically possible. This would notionally cost a further £10m to £20m pa on top offering a free transfer confined to the second ride.

Cashless bus operation

- 5.6 Only around 1% of bus journeys are now made with cash, with sales currently down 20% year on year. Cash sales are now so low that Surface Transport is planning to withdraw the current road-side ticket machines. Wave and pay acceptance on buses is planned from early 2013 and will provide a new alternative for many cash users. It is therefore proposed that the bus cash fare, currently £2.30, would be withdrawn on buses from mid-2013. This will improve operational efficiency.
- 5.7 A neutral fares revenue outcome is projected. Losses due to the withdrawal of the high cash fare are forecast to be offset by new traffic generated during 2013 and 2014 by bank card acceptance.
- 5.8 Proposed investment in new driver ticket machines would then not be needed. Garage based coin handling procedures would cease to operate. Bus drivers would no longer need to manage a cash float when on duty or spend time "paying-in" at the end of their shifts. Bus service quality should improve at the margin. It is estimated that these effects should result in net financial benefits worth over £20m pa by 2016.

- 5.9 At times customers may not have a ticket or other means to pay for travel at times when the off-system retail network is largely closed. In order to meet the challenge from this it is proposed that Oyster top-up devices would be installed at key interchanges and procedures for customers unable to pay their fare late at night extended.

Child bus fares

- 5.10 A final option would be to introduce PAYG bus fares for most children over the age of 11 (who currently hold Zip cards). The proposal aims to reduce the large number of very short bus journeys generated by free bus travel. This would relieve pressure on peak bus services and reduce the need for additional capacity as demand grows.
- 5.11 Free travel would continue to be provided from 7am to 7pm Monday to Friday for all groups up to and including age 18 listed by the 2006 Transport Act: more details are given in Annex B. Under the proposals, all under 11s would continue to travel free while most 11-15s would pay quarter rate or 35p at current fares. Most 16-18s would pay half fares or 70p. Annex A sets out the detailed reasoning behind the proposals.
- 5.12 Zip card holders now constitute around 30% of morning peak bus traffic. See Diagram A1. Many of these journeys are very short. Around 1 in 3 journeys are for rides of a mile or less, and could reasonably be made on foot or by cycle, particularly by the 16-18 age group.
- 5.13 The legal duty to fund free travel for young people in the 2006 Act categories rests with their local Boroughs. However, in assessing the financial impact of charging fares, it has been assumed that all free bus travel in London would continue to be funded by the mayor/TfL and that TfL would not seek to recoup the cost of free travel from the Boroughs.
- 5.14 Charging would be phased-in, starting with the 16/17 group in September 2013. For the 11 to 15s, it is envisaged that existing free travel Zip cards would be allowed to expire but that from January 2014, all 11-15 cards would be issued on the new basis.
- 5.15 Administrative arrangements would be put in place to cater for those 11 to 18 year olds covered by the 2006 Act exemptions, with the local Borough responsible for verifying eligibility. Overall, travel concessions for young people in London would remain more generous than elsewhere in the UK; and more generous than in virtually any major city in the world.
- 5.16 Once fully implemented, it is estimated that the new fares proposed would raise over £60m pa. This additional revenue could be used to support lower fares generally or to help fund the new concessions for apprentices and the over 60s to be launched over the next 12 months.

6 SUMMARY AND FINANCIAL MODELLING

- 6.1 The RPI and RPI+1% options, with many TfL only fares frozen or increased by less than inflation, significantly reduce the revenue projected in the current Business Plan. Table 6 shows the impact on the years to 2016.

Table 6: Effect of fares increases of RPI and RPI+1 on TfL revenue - £m

		2012/13	2013/14	2014/15	2015/16	2016/17
RPI+1 instead of RPI+2	TfL Rail	-4	-22	-42	-65	-90
	Bus & Tram	-2	-11	-22	-33	-45
RPI instead of RPI+1	TfL Rail	-4	-22	-42	-64	-90
	Bus & Tram	-2	-12	-22	-33	-45
RPI instead of RPI+2		-12	-66	-127	-194	-269

6.2 Table 7 shows the projected impacts of the three bus initiatives discussed above:

- The new PAYG transfer discount – estimated to cost over £60m pa at 2016 prices and volumes if transfers become free;
- The cashless bus, including the impact of Wave and Pay bank card acceptance – estimated indicatively to yield net financial benefits of up to around £20m pa over the period 2013 to 2016; and
- The Zip fares for the 11s and over – estimated to raise some £70m pa in 2016/17, or £60m at current prices;

Finally, Table 8 gives a notional picture of the likely revenue generation due to Wave and Pay bank card acceptance on TfL rail. This is put conservatively at 1% of total revenue from 2015.

Table 7: Projected impacts of bus fares and ticketing initiatives - £m

	2012/13	2013/14	2014/15	2015/16	2016/17
Bus transfer fares	-4	-20	-41	-62	-66
Cashless bus – indicative only , includes bus Wave & Pay revenue generation	7	14	19	21	24
16/17 half fares	0	17	36	38	40
11-15 quarter fares	0	2	10	22	31
<i>Child bus fares total</i>	<i>0</i>	<i>19</i>	<i>46</i>	<i>70</i>	<i>71</i>

Table 8: Projected impact of Wave and Pay on TfL Rail - £m

	2012/13	2013/14	2014/15	2015/16	2016/17
Wave & Pay Rail (1% generation in full year)	0	4	30	33	35

Annex A

The London free bus travel schemes for young people

Aims and objectives

- 1 The free London bus travel schemes were developed to make bus travel in London more affordable for less well off families; to reduce car trips involving children; and to encourage use of London's leisure and cultural facilities. These objectives have been considered in this review alongside the Mayor's objective to promote walking, cycling and healthy lifestyles; and a more general aim of avoiding policies for specific groups that have detrimental effects on others.

Background

- 2 Free travel concessions for young people now account for nearly 20% of all bus passenger journeys in London, amounting to over 1m rides a day or some 400m rides a year. This compares with around 12% of all journeys before free travel was introduced in 2004/05. In the morning peak, around 30% of bus trips are now made by young people travelling free. See Diagram A1.

The original aims of free bus travel were:

- to make public transport **more affordable** for the least well off;
- to enhance young people's **access** to London's opportunities – cultural, leisure, sporting etc;
- to reduce **car use**: to discourage the school run; to make public transport a more attractive proposition relative to the family car and a more familiar option for young people.

The policy was also intended to contribute to wider strategies:

- to make London a more sustainable city;
- to reduce traffic congestion and pollution; and
- to boost the use Londoners make of their cultural and leisure facilities.

MORI polls¹ show strong support for free travel for the young, but this is when the concession is presented as a free gift without strings.

Impacts

¹ MORI February 2007: "78% of Londoners support free travel for young people"
24/04/2014 10:08

- 3 Offering free travel has clearly increased bus use very markedly. The number of bus rides by young people increasing by 75% or so compared with 2004 and nearly doubling compared with 2000.

Increased travel has been most evident in the peaks. Some 30% of AM peak bus travel now consists of free trips by young people. This compares with 15% or less at off-peak times.

The great bulk of peak time trips by young people are to or from school or college. Making these trips free has benefited the less well-off and must have led to some transfers from car. However, it seems likely that most additional peak trips by young people are transfers from walk or cycle.

The short average distance of many trips tends to bear this out. Diagram A2 shows that 35% of trips by the 11-15s are for under a mile, while 65% are for trips of under 2 miles.

Transfers of short journeys from walk and cycle are contrary to the Mayor's policy of encouraging walking and cycling and to the 2008 Department of Health paper "Healthy Weight, Healthy Lives: a cross-government strategy for England", which points to the need to create a society that fully promotes health.

There is a marked difference in terms of impact with the Freedom Pass. Even after the new 24/7 concession, most Freedom Pass trips take place in the off-peak where there is little impact on crowding and the costs of service provision are lower. See Diagram A1. By contrast, free travel for young people has clearly increased peak crowding and extended peak bus journey times to the detriment of other users.

Unruly behaviour at stops and on vehicles, particularly in the late evening also remains a lingering concern for many users, even though bus related crime by young people is now well controlled and is at low levels.

Modified policy objectives

- 4 Consideration of all the impacts above suggests a modified set of policy objectives. These would continue to include the three core aims identified earlier - the cost of travel; access; and modal share - but add two further objectives:
- to promote walking and cycling and healthy activity levels; and
 - to minimise detriments to other passengers;

Table A1 provides an assessment of how well the current free travel policy performs against the enhanced set of five objectives. This indicates that the free fare policy performs best for the youngest age groups (the under 11s) and least well for the eldest group (the 16-17s+).

Continuing to offer substantial fare concessions to all age groups still appears justified to deliver the accessibility benefits for young people that were originally identified. However, the case for offering free bus travel appears robust and without significant disadvantages only in the case of the under 11s.

For the older groups, it is difficult to see how a better balance between the five objectives can be achieved without some mechanism to deter the use of bus for short distance travel. Introducing some kind of fare payment is an obvious solution, provided vulnerable groups are protected and the implications for the overall fares burden are recognised.

The provisions of the 2006 Education and Inspections Act mean that children from low income families and all children living over 3 miles from school would continue to enjoy free school travel. See Annex B. The provisions of the Act are designed to neutralise negative impacts on access and exclusion.

For the 11-15 group, a low fare anyway appears appropriate, given the balance of advantage shown in table A1. The research evidence is that even a nominal fare can deter 10% to 15% of the bus trips made when travel is free. For the 16-17 plus group, a more substantial fare looks to achieve the best balance across the five objectives and would do most to encourage walk and cycle.

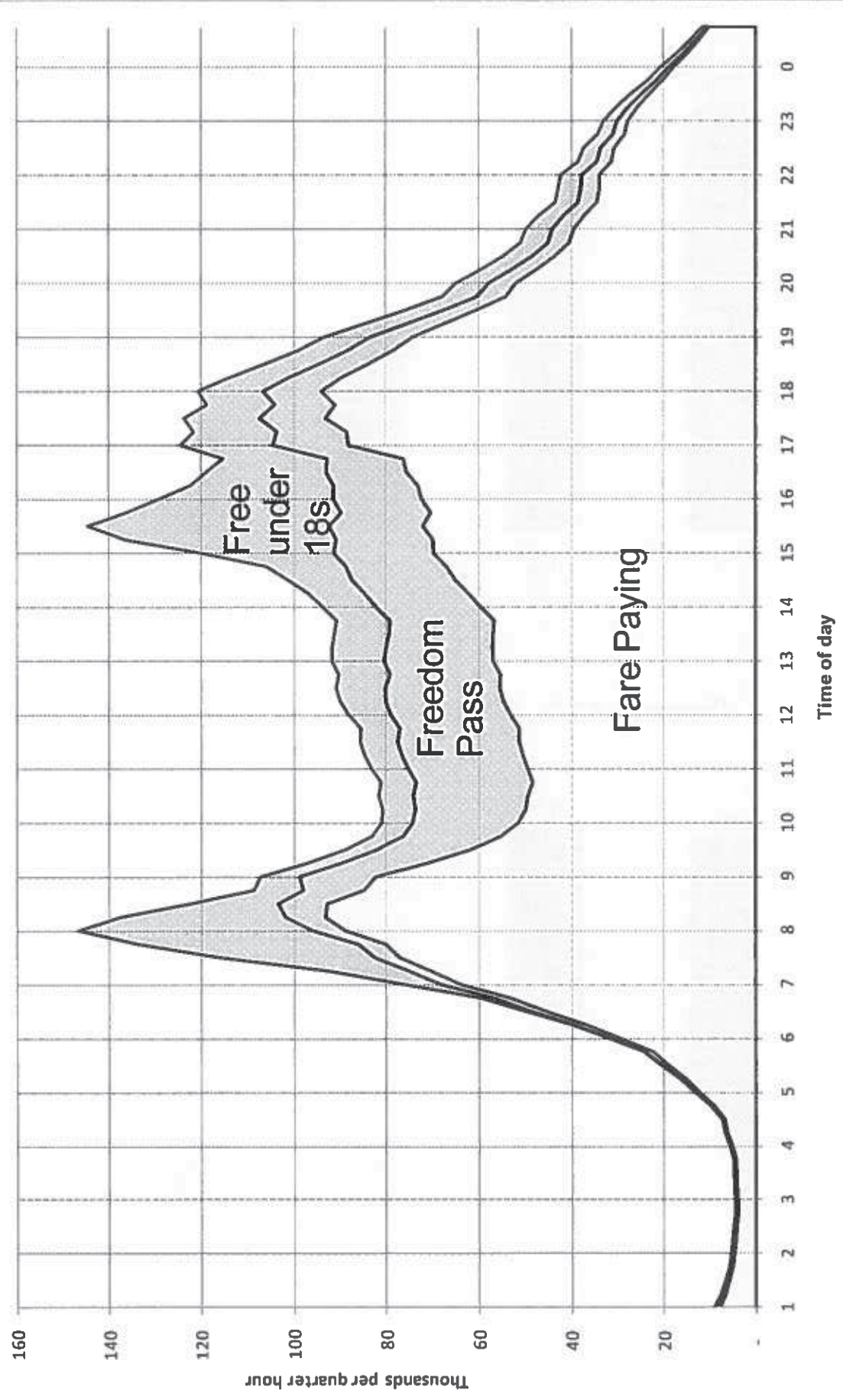
Such changes would still leave London with some of the most generous concessions of any major city. In the rest of the UK, for example, the norm is for half fares to be charged for 5-15s and full fares for 16-17s.

Table A1: The policy objectives and the impact of free travel by age group

		Alignment of free travel with the policy objectives					Overall match of free travel to policy objectives
		1. Making travel more affordable for the least well off	2. Reducing the school run / family car use	3. Making opportunities more accessible	4. Promoting walking / cycling	5. Minimising detriments to others	
Under 11s	★★★ Parents with youngest children least able to work; most vulnerable financially	★★★ Age group most likely to be driven to school	★★★	★★★ Least able to walk / cycle	★★★ Least likely to be disruptive; often travelling with parents	★★★ Most benefit and fewest drawbacks for this age group	
11-15s	★★★ Most parents have fewer difficulties in taking employment	★★★ Many teens likely to prefer to travel independently	★★★	★★★ Able to walk / cycle in the right conditions	★★★ Some risk of being disruptive	★★★ Many benefits but also significant drawbacks for this age group	
16-17s	★★★ Parents least constrained from taking employment	★★★ Age group most likely to travel independently	★★★	★★★ Most able to walk / cycle	★★★ Highest risk, most likely to travel independently in the late evening	★★★ Least benefit and most drawbacks for this age group	

Diagram A1: Bus journeys on an average weekday

Bus journeys on a weekday - June 2012



24/04/2014 10:08

Diagram A2.1: Distances travelled by bus: 11-15 group

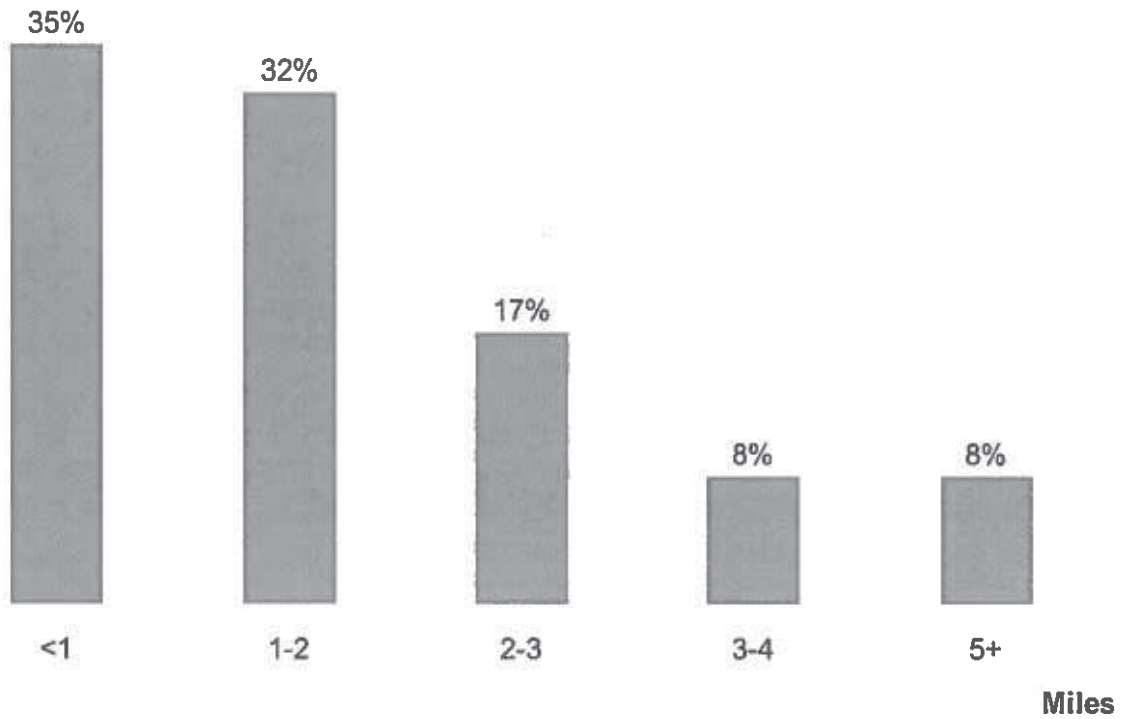
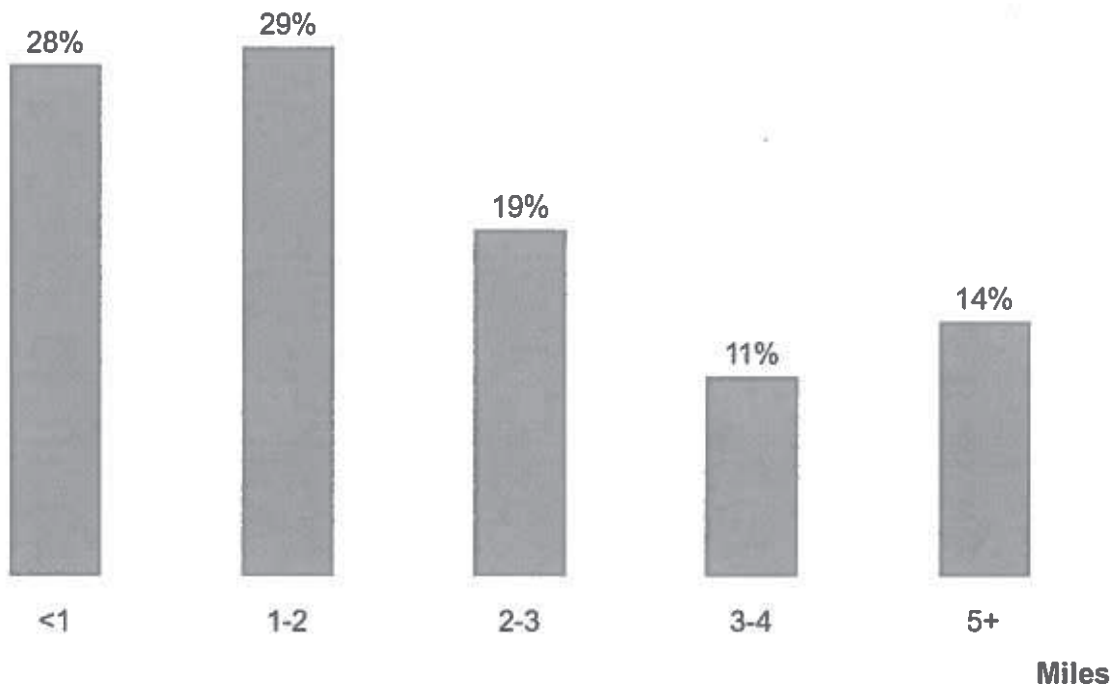


Diagram A2.2: Distances travelled by bus: 16+ group



Annex B

The 2006 Education Act and the LEAs

1. Under the 2006 Education Act, Local authorities such as the London Boroughs have a duty to arrange free travel to and from school for all "eligible children" in their areas. In this context, children include young people of 6th form age.

Eligible children

2. Under the Act, eligible children comprise principally children:
 - i) needing to travel over 3 miles to school;
 - ii) living closer to school than 3 miles where walking is judged unsafe;
 - iii) with medical conditions which mean they cannot be expected to walk to school;
 - iv) entitled to free school meals whose school is at least 2 miles from home;
 - v) whose parents receive maximum working tax credit and whose school is at least 2 miles from home.

Many children in London live within a mile and a half of school and hence will not be classed as eligible children.

3. In the event that child travel in London was not free, TfL would expect the London Boroughs to notify TfL of children in their Borough eligible for free travel. A ticket permitting free travel from 7AM to 7PM Monday-Friday would be loaded on the child's Zip Photocard. Out of these hours, child rate PAYG fares would apply.

Numbers of eligible children

4. It is estimated that some 20% of London children may be eligible for free 7 to 7 travel based on the 2006 Act criteria, with around 15% of current free bus travel covered by the 7 to 7 free travel ticket.

TfL Fares and the Business Plan

July 2012

Business plan prioritisation is underway

TfL is currently undertaking a business planning round and a first estimate of priorities including Mayoral initiatives is around £13bn additional cost to the core

plan
Some examples:

- Increase tube reliability by 30% £0.7bn
- Promote cycling £1bn
- Improve/expand suburban rail £0.5bn
- Increase road capacity £1.5bn
- Increase bus service £0.6bn
- Underground station upgrades £1.7bn

- Northern line upgrade phase 2 £1.0bn
- DTP full programme £2.0bn
- Silvertown £0.6bn*
- NLE £0.9bn*
- DLR/Tramlink extensions £1.3bn

**although the bulk of project costs will be funded externally, substantial initiation and other costs are expected to be incurred by TfL*

Funding all of these priorities would require a substantial funding package, for example all of the following:

A grant that remains flat post-2014/15

A 3% on-going CSE programme

RPI+3% fares increase in all years

A CIL that continues post-Crossrail

While TfL will always seek greater funding from grant and look to innovative funding sources, achieving the above funding position appears unrealistic in the current economic climate.

Achieving a funding blend

Grant

Original plan:

Flat in real terms from 15/16 onwards

Possible alternative starting assumption:

TfL's total grant reduced as per HM Treasury's March 2012 Budget statement. This represents a 3.8% real reduction a year - £3.5bn over plan.

Options:

- 1: Revenue reduced, capex flat: £1.3bn
- 2: Flat in real terms from 15/16: £3.5bn

CSE

Original plan:

CSE savings assumed unavailable, no future CSE assumed

Possible alternative starting assumption:

Remaining savings from CSE 3&4 available to be spent (£2.1bn)

Options:

- 1: CSE of 1%: £1.4bn
- 2: CSE of 2%: £2.7bn
- 3: CSE of 3%: £4.1bn

Fares

Original plan:

RPI+2% in all years

Possible alternative starting assumption:

RPI+0% in all years - £3.3bn reduction over plan.

Options:

- 1: RPI+1% in all years: £1.7bn
- 2: RPI+2% in all years: £3.3bn

Borrowing

Original plan:

Excluding Crossrail approximately £1.3bn additional borrowing

Possible alternative starting assumption:

[No change]: Note borrowing capacity dependent on fares and grant

Options:

- 1: Dependent on fares & grant

Commercial Development

Original plan:

Existing plan (£0.7bn over plan)

Possible alternative starting assumption:

[No change]

Options:

- 1: Stretch Commercial Dev target: £0.5bn

Other funding

Original plan:

None beyond Crossrail assumed

Possible alternative starting assumption:

[No change] Note this funding is hypothecated to specific growth schemes.

Options:

Possibilities exist ranging from: £0bn to £1.4bn

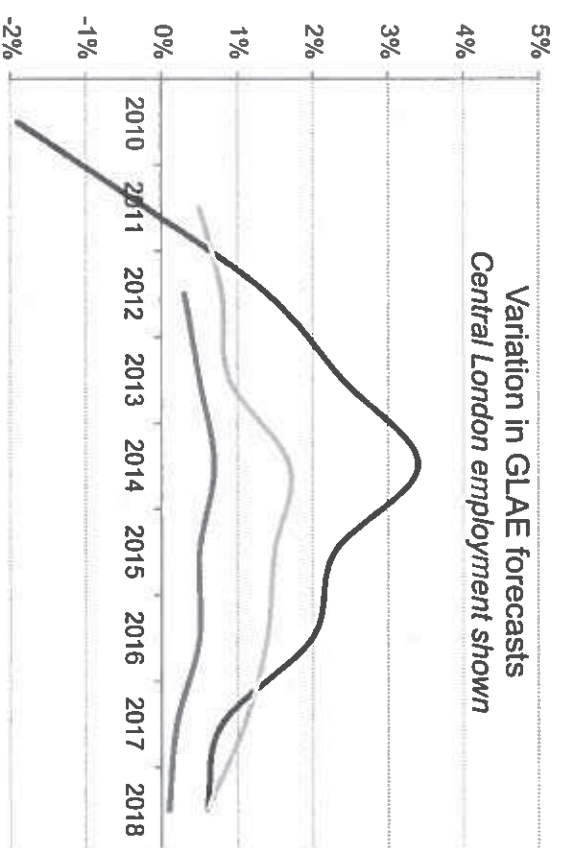
Grant

- Grant levels confirmed until March 2015.
- Spending Review expected next year.
- Chancellor has indicated need for 4% real reductions a year in overall public spending.
- There is likely to be continued pressure on operating grants. It may be easier to argue for capital grant, perhaps earmarked to specific projects.

Fare revenue weaker than the current plan



- Fares are currently tracking budget closely, however latest forecasts show a £1bn reduction in income over the next 10 years, from:
- GLA economics forecasts of a weaker economy
 - Costs of the 60+ pass



May GLA economics data shows the most pessimistic expectations for growth since the inception of these forecasts. This is reflected by lower employment forecasts than previous years.

Commercial development

- New team established to grow revenues from property development, retail at stations, advertising, sponsorship etc.
- Good potential to grow these revenues by up to £500m over 10 years.
- However, large property development projects (e.g. Earl's Court) can take a long time to develop so these revenues are inherently risky.
- Also, there is a need to deliver on property receipts as part of Crossrail funding.

Further savings increasingly politically challenging

Still to secure
▶ £2bn
Over ten year plan

- TfL's efficiency programme on track, but around £2bn over next ten years still to secure.
- Current programme includes challenging items
 - Further LU ticket office savings, capital programme savings

Potential 1%
Future CSE
▲ £1.4bn
Over ten year plan

- CSE has delivered sizeable savings over the last four rounds and we should continue to have a programme to press for additional savings
- Future rounds would present increasing numbers of politically challenging choices, e.g.
 - Policing, LIPs, service reductions, substantial staff cuts

Enhanced management of TfL's capital

programme: under-spend

- Last year the TfL capital programme underspent by £290m
 - From a £2bn budgeted programme
- Capital under-spends are generally as a result of re-phasing (around 75% of last year's under-spend)
 - e.g. Nearly half of last year's was a re-phasing of the Northern line upgrade.
- Effects of re-phasing net-off over the longer term
- TfL in part manage under-spends through over-programming
 - May need to look at assumptions over the Plan period
- LU planned investment levels comparable to those already being delivered

Enhanced management of TfL's capital and delivery programme: contingency

- Contingency over 10 years is £1.2bn, largely after 2015.
 - Excluding Crossrail
- There should be scope to release a significant proportion of this, say at least £500m upfront, and possibly more as projects develop.

Borrowing

- Affordable levels of borrowing are linked by the rating agencies to both gross and net revenues. There is limited scope to increase borrowing above levels already assumed for Crossrail without additional revenues.
- Any further borrowing would also need to be agreed with Government as part of the Spending Review.
- Once Crossrail is operational we will have increased revenues against which to borrow. In the longer term, fares policy drives borrowing capacity.

Additional funding sources

- We have not thus far assumed any additional funding sources such as:
 - Road tolls
 - Additional CIL
 - Enterprise zones
- For Business Planning purposes, we have assumed that these will be earmarked to specific growth projects (e.g. Silvertown, Northern Line Extension), allowing those projects to proceed without calling on TfL grant and fare funding.

John Biggs AM, Chairman of the Budget and Performance Committee

Boris Johnson
Mayor of London
City Hall
London SE1 2AA

City Hall
The Queen's Walk
London SE1 2AA
Switchboard: 020 7983 4000
Minicom: 020 7983 4458
Web: www.london.gov.uk

Ref: 354b

5 June 2014

Dear Boris

TfL fares briefings

Thank you for your letter dated 27 May, and the fares briefings attached therein. I am grateful that the briefings have now been published on the GLA website as a result of our discussions.

I would like to begin by restating my previous observations about the recent improvements to transparency in the GLA Group. I am grateful for the leadership that you and Sir Edward have provided in this respect. I hope that this trend continues, because I firmly believe it will improve the accountability and performance of the GLA Group, to the great benefit of London as a whole.

I agree with your assertion that there will be occasions when a Mayor may need to delay the publication of some documents, particularly those relating to sensitive issues. And I recognise that your negotiations with HM Treasury were a valid reason to delay publication of the 2013 fares advice. However, I also agree with the conclusions of the Information Commissioner's Office that "the legitimate public interest in protecting the safe space for the GLA to consider fares options would significantly diminish once a decision was made." Thus, once the fares decision has been published, there is little reason not to publish the advice you received in making that decision. The most obvious action would therefore be to publish the advice with and at the time of the announcement.

In my letter to you, dated 10 April, I asked you to propose a regular release date on which you would publish TfL's fares advice in future years. Your letter did not address this, and I would be grateful for a response on this point by 4 July. I will also be writing to TfL to ask them to provide the fares briefings prior to 2008, which you were not able to provide.

Finally, I would like to make the point that I have never sought to make this a party-political exercise. I am asking you to set a precedent around standards of transparency to which future Mayors of all political persuasions should aspire. It will be the Assembly's role to ensure that they do.

Yours sincerely



John Biggs AM
Chairman of the Budget and Performance Committee

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MAYOR OF LONDON

RECEIVED
16 JUN 2014

John Biggs AM
City Hall
The Queen's Walk
More London
London SE1 2AA

Our ref: MGLA050614-7747

Date: 12 JUN 2014

Dear John


Thank you for your letter of 5 June.

I agree with the sentiments it expresses.

I am happy to confirm that the Transport for London advice provided to me on fares will be published as part of the relevant Mayoral decision form.

This will start with the decision to be taken on fares later this calendar year.

Yours ever,



Boris Johnson
Mayor of London

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John Biggs AM, Chairman of the Budget and Performance Committee

Sir Peter Hendy CBE

Commissioner

Transport for London

Windsor House

London SW1H 0TL

City Hall

The Queen's Walk

London SE1 2AA

Switchboard: 020 7983 4000

Minicom: 020 7983 4458

Web: www.london.gov.uk

Ref: 354c

6 June 2014

Dear Sir Peter

TfL fares briefings to the Mayor

As you will be aware, the Mayor has recently published a number of briefings he received from TfL regarding his annual fares decision. This was in response to a Freedom of Information Act request I made last July. For information, the documents he released are available at www.london.gov.uk/mayor-assembly/gla/governing-organisation/freedom-information/disclosure-log/transport-fares-3868.

The Mayor was unable to provide briefings for all the years that I requested, so I am writing to ask you to send me any other fares briefings that TfL has provided to the Mayor (and his predecessor) since 2001. I would be grateful if you would provide this information by 4 July 2014, copying in Rachel Roscow (contact details below).

Yours sincerely



John Biggs AM

Chairman of the Budget and Performance Committee

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Transport for London

RECEIVED
17 FEB 2014



Your ref: 341

Mr John Biggs AM
Chairman of the Budget and Performance Committee
City Hall
The Queen's Walk
London
SE1 2AA

Sir Peter Hendy CBE
Commissioner of Transport
Transport for London
Windsor House
42-50 Victoria Street
London SW1H 0TL
Phone 0343 222 0000
www.tfl.gov.uk

12 February 2014

Dear 

Budget and Performance Committee Meeting – 9 January 2014

I'm glad that my attendance at the Assembly's Budget and Performance Committee in January was useful. In response to your request for further information on TfL's approach to contingency I enclose the following information, which I hope will fully answer your query.

TfL's approach to contingencies

The nature of our operating environment and capital programme mean that we are subject to significant risks to delivery. Holding a contingency provision is generally recognised as good practice followed by many well run organisations, and an important part of delivering our responsibilities to manage these risks.

Our contingency provision has three parts:

Risk provision

- This covers risks that can be identified and quantified. The size of the provision is based on risk assessments which are undertaken for all of TfL's projects. These record individual risks and quantify them where possible. The risk provision is calculated from this quantification.

- For large, complex projects quantification is through Monte Carlo analysis* with the provision set at the P_{50} , the 50% probability level. For smaller projects, it is calculated as the sum of the expected impacts of individual risks.
- Material projects are subject to the TfL Programme Management Office (PMO) scrutiny process and therefore the size of the risk provision is comprehensively reviewed and verified. In terms of day to day management of the provision, the nature of these risks mean that they are likely to materialise. Individual projects are therefore able to draw down from their risk provision as and when needed.

Management contingency

- Beyond the risks described above, each project is subject to risks whose nature and timing are less straightforward to anticipate. Management contingency provides for this and the total held is $P_{80}-P_{50}$, the difference between the 80% probability level and the P_{50} risk provision, again based on Monte Carlo analysis* of the portfolio.
- This provision is held centrally within each Business Area, with any drawdowns subject to approval through the relevant governance.
- The levels of management contingency are reviewed on a periodic basis within each Business Area and subject to a formal review by the PMO each quarter.

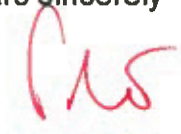
TfL wide centrally held contingency

- As is good practice for a large, complex organisation with major operational and investment commitments, TfL holds a separate provision for large shocks beyond those covered by the provision described above, for example the impact of terrorism or a natural disaster. This provision is regularly reviewed and was reduced as part of the 2013 Business Planning round to reflect low levels of drawdowns of contingency in recent years and the environment TfL now operates in. Rigorous management processes mean that we are able to respond quickly to changes in circumstances.

**Monte Carlo analysis is a computer based method for quantifying project risks. Its use is considered good practice in an organisation of TfL's type. P_{50} and P_{80} refer to the cost that would be incurred if the 50% and 80% most likely risks materialised.*

I hope that this response meets your requirements. If you require any further information don't hesitate to contact me.

Yours sincerely

A handwritten signature in red ink, appearing to be 'P. Hendy', is written over a light grey rectangular background.

Sir Peter Hendy CBE

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Ref 342

17 February 2014

John Biggs AM
GLA
City Hall
The Queen's Walk
London
SE1 2AA

Dear John

Re: Budget and Performance Committee Meeting – 9 January 2014

Thank you for your letter to Dennis Hone dated 29 January, in which you asked for the latest estimate of the impact of the Olympicopolis project on our plans for housing. Dennis has asked me to respond in his absence.

As you are aware, we want to be more ambitious with our plans for Queen Elizabeth Olympic Park and the Olympicopolis project represents a significant shift in focus. It presents an opportunity to enhance the vitality and prosperity of Stratford and the wider area, with the potential to create an additional 10,000 jobs in and around the Park. Olympicopolis, along with the iCITY development, will act as a powerful economic catalyst for the area, driving regeneration across east London and providing opportunities for local people.

We are currently working with our founding partners, University College London, the Victoria and Albert Museum and iCITY, to develop plans for their new facilities and to establish how we integrate these with the existing plans for the Park.

As we have previously stated, early indications show that building the new UCL facilities south of the ArcelorMittal Orbit could result in a reduction of circa 1,000 in housing numbers on that site. We are currently working through ways of improving this and accommodating more housing. However, we should not lose the opportunity to bring in world class institutions and reap the economic benefits. Such economic activity will bring further investment, including housing development, in the wider area.

In relation to the V&A (and other potential cultural facilities), we are working through plans to make sure that these can form part of a lively mixed-use district at Stratford Waterfront, including the retention of as much of the currently planned housing as is possible and appropriate.

Once we have completed this initial planning and development appraisal work, we will review viability including affordable housing levels, engage further with HM Treasury and other funders, and discuss the revised scheme with the local planning authority and other stakeholders. Our aim is to balance our plans for transformative cultural and educational uses, with our continuing commitment to delivering significant quantities of housing and affordable housing, so that we create a vibrant and thriving area and stimulate further investment across east London.

If you have any further questions, please do not hesitate to get in touch. My colleague Paul Brickell wrote to you recently to invite you to Queen Elizabeth Olympic Park and I would like to take the opportunity to reiterate that offer.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Neale Coleman', with a long horizontal flourish extending to the right.

Neale Coleman CBE
Deputy Chair, LLDC

John Biggs AM

Chair of the Budget and Performance Committee
Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

19 February 2014

MOPAC30012014-14158

Dear John

Budget and Performance Committee meeting – 7 January 2014

Thank you for your letter dated 29 January 2014.

With regards your various requests for information:-

- Statistics for fear of crime for the last 5 years can be found at <http://data.london.gov.uk/datastore/package/metropolitan-police-service-recorded-crime-figures-and-associated-data>
- The Operational Policing Measure (OPM) helps to assess officer productivity through categorising the MPS workforce based on the roles officers and staff perform. From 2014/15 onwards MOPAC intend to use OPM data to help assess officer productivity. MOPAC has previously committed to provide the Budget and Performance Committee with the OPM data on a quarterly basis.
- There are obviously additional analytical tools which could be used to monitor performance and productivity within the MPS and we are keen to explore these. Steve Otter in his recent appearance at the Police and Crime Committee explained HMIC were in the early stages of thinking through such measures and we will be meeting with his team shortly to explore this further.
- We do expect productivity gains to be delivered as a result of the Metropolitan Police Services ICT strategy. Business cases need to demonstrate both any "cashable" savings that will accrue from investment but also the "uncashed" productivity gains. Comparison of actual performance in our post project reviews will test whether these gains have been achieved, with MPS held accountable. For example on mobile devices we expect to achieve savings in a full year of £4m plus non cashable productivity gains of 37 minutes per officer per shift.

- Sale proceeds from land and property disposals for 2012/13 are attached. For 2013/14 details of all completed sales can be found at <http://www.london.gov.uk/priorities/policing-crime/mission-priorities/police-and-crime-plan> under the Estate Strategy section. In total we are expecting to generate receipts of £92.5M in 2013/14, rising to £97M in 2014/15 and £325.5M in 2015/16. Due to commercial sensitivities I am unable to provide the breakdown requested. However details of all land and property disposals are uploaded onto the MOPAC website on a regular basis as and when sales have completed.

With regards your request for workforce survey results I have asked the Metropolitan Police Service to respond directly to you.

Yours sincerely



Stephen Greenhalgh
Deputy Mayor for Policing and Crime

Enc.

Sale proceeds from land and property disposals 2012/13

	Borough	Type	Receipt £'000
Durham Road	Merton	Residential	2,650
East Dulwich (old)	Southwark	Office	1,400
Farrow House	Barnet	Office	5,729
Finchley Traffic Garage	Barnet	Garage	8,795
Hainault Triangle	Waltham Forest	Land	2,299
Highbury Vale	Islington	Former Police Station	3,850
Old Ilford	Redbridge	Office	702
Pan London Residential	Pan London	Residential	13,179
Rennets Wood House	Greenwich	Residential	1,109
Sailmakers Court	Hammersmith & Fulham	Residential	1,400
Sidcup PS	Bexley	Former Police Station	445
Westcombe Park	Greenwich	Former Police Station	770
Total			42,327

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BRIEFING NOTE FOR GREATER LONDON AUTHORITY (GLA) BUDGET AND PERFORMANCE COMMITTEE ON LONDON BLUE LIGHT SERVICES COLLABORATION

Introduction

1. This paper outlines the planned approach to exploring potential new collaboration opportunities between the three 'Blue Light' services within London (Metropolitan Police (MPS), London Fire Brigade (LFB) and London Ambulance Service (LAS)).
2. The purpose of doing this work is to seek to identify opportunities which will:
 - Improve service to Londoners
 - Save money and increase efficiency
 - Build on existing relationships and areas of collaboration. Details of these can be found at Appendix A

Work to Date

3. In November 2013, we undertook a joint piece of scoping work to:
 - Explore options for future collaboration
 - Identify what were the priorities within those options
4. Following completion of that scoping work and a discussion about each of the options, we have agreed that there are five workstreams where we believe there is real potential to meet one or more of the criteria outlined in paragraph 2. The five workstreams are:
 - Procurement:
 - To establish to what extent do the individual service procurement frameworks offer/allow collaborative procurement.
 - To identify what major procurements each service has planned.
 - To identify opportunities where two or more of the services may procure together.
 - Property:
 - LFB and LAS to formally carry out cross modelling looking at the next stage of LFB changes alongside the emerging LAS 2020 Strategy.
 - To focus more on the principle of 'shared space' not integrated space.

It should be noted that we are clear that, based on the Treasury approach, it will not be possible for one of the services to sell land at a discounted price to another nor can we charge a non-market rent.

 - Control Rooms:
 - Explore what benefits there could be of sharing control rooms.
 - This would be about sharing control room space not integrating command and control systems and processes.
 - Build on learning from what has taken place in other parts of the country.
 - Training:
 - Identify and use opportunities to jointly train as they arise. Recent examples would be the Joint Emergency Services Interoperability Programme (JESIP) training and the LFB executive leadership programme.

- Information Management and Technology (IM and T)
 - Emergency Services Mobile Communications Project (delivering the Emergency Services (ES) Network for mobile voice and data across the country). All three services are contributing to the National Outline Business Case (OBC) specification and in London we have also initiated a London-centric Group to discuss London specific issues. The requirement specification work is currently underway and will be reviewed in January and February 2014.
 - Attendance at cross GLA Chief Information Officer (CIO) board that meets to discuss key IT issues. The board currently consists of the CIO of TfL and the Met Police, the Heads of IT for the GLA and the LFB and the Head of IT for the London Legacy Development Corporation.

Next Steps

5. With the exception of the IM and T work which is already underway, each of these workstreams will 'formally' commence in Jan 2014 with initial scoping work. Named officers from each service will work together on the shared workstreams and will meet on a regular basis.
6. The initial scoping work will include a more detailed cost/benefit analysis for each of the five workstreams to identify:
 - Key deliverables
 - Potential benefits such as:
 - Money/cash releasing
 - Increased efficiency for one or more service
 - Improved service delivery for Londoners
 - Enhances joint working
 - Potential costs of progressing each piece of work compared to the benefits it will deliver

It is planned that the scoping work will be completed by late-May and that a report be submitted to the three chiefs in early July. The report will cover the outcome of the scoping work for each area and recommendations on whether to proceed with more detailed work or not.

7. Subject to the approval process it is anticipated that each workstream will then be set up as a project to complete the detailed work. The exact time for completion of this work is difficult to describe at this stage but it is anticipated that each project will run for around six months before being in a position to report on findings.

Leadership and Oversight – Scoping Phase

8. To support this work we have established a leadership system between the three services.
 - The three Chiefs will provide strategic direction and oversight and will receive regular progress reports.
 - Building on existing relationships, there will be monthly meetings between senior officers from each of the service to discuss and review this work.
 - Nominated officers from each service will have day to day responsibility for leading the scoping work in their area of responsibility

Current Areas of Collaboration

MPS and LAS

- Joint Response Unit
- Met police Dispatch Group used in the winter
- Training of staff

LFB and LAS

- Training of staff
- Maintenance of breathing apparatus
- Shared accommodation at Barnet Fire Station
- LAS purchasing frameworks, including the National Ambulance Resilience Unit, used by the LFB for the purchase of equipment
- Plan for a pan-London project to look at increasing the number of defibrillators available in London and the utilisation of firefighters as co-responders, this would include discussions with representative bodies

MPS and LFB

- Joint responses to major incidents and joint major incident training
- JESIP
- Holloway Fire Station incorporates a base for an MPS Safer Neighbourhood team
- LFB and MPS are in discussion on sharing accommodation at Purley Fire Station which is being rebuilt
- LFB and MPS officers have met regarding the MPS Integrator with a view to soft market testing property services against the MPS Integrator

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Subject: Action Taken Under Delegated Authority

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 25 June 2014

This report will be considered in public

1. Summary

1.1 This report sets out recent action taken by the Chairman under delegated authority.

2. Recommendation

2.1 **That the Committee notes the recent action taken by the Chairman under delegated authority, in consultation with party Group Lead Members, namely to respond to the Mayor's consultation on the proposed amendments to Transport for London's borrowing limits in 2013/14.**

3. Background

3.1 Under Standing Orders and the Assembly's Scheme of Delegation, certain decisions by Members can be taken under delegated authority. This report details those actions.

3.2 At its meeting on 4 March 2014, the Budget and Performance Committee delegated authority to the Chairman, in consultation with party Group Lead Members, to respond to the Mayor's consultation on the proposed amendments to Transport for London's borrowing limits in 2013/14.

4. Issues for Consideration

4.1 The response was agreed by the Chairman, following consultation with the lead Members of the party Groups on the Committee, and sent to the Mayor on 12 March 2014. The response is attached as **Appendix 1**.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in the report.

6. Financial Implications

6.1 There are no direct financial implications to the GLA arising from this report.

List of appendices to this report:

Appendix 1: Response to the Mayor re TfL borrowing limits for 2013/14

Local Government (Access to Information) Act 1985
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List of Background Papers:

Member's Delegated Authority form 504

Contact Officer:	Dale Langford, Senior Committee Officer
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Telephone:	020 7983 4415
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E-mail:	dale.langford@london.gov.uk
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John Biggs AM, Chairman of the Budget and Performance Committee

City Hall
The Queen's Walk
London SE1 2AA
Switchboard: 020 7983 4000
Minicom: 020 7983 4458
Web: www.london.gov.uk

Boris Johnson
Mayor of London
City Hall
London SE1 2AA

Ref: 353

12 March 2014

Dear Mayor

Consultation on revision to TfL borrowing limits for 2013/14

With respect to your report to the Budget and Performance Committee on 4 March 2014, the Committee notes the proposals to amend the 2013/14 borrowing limits for Transport for London (TfL) by £87.1 million and raises no objection.

We understand that the requested amendments to the borrowing limits for TfL are due to changes in the timing of the expected settlement of liabilities relating to TfL's Crossrail property provision. As such, increases in long-term liabilities are offset by corresponding increases in asset values and the amendments will not result in an increase in TfL's direct borrowing.

Thank you for the information you and your team have provided to the Committee on this issue.

Yours sincerely,



John Biggs AM
Chairman of the Budget and Performance Committee

cc Martin Mitchell, GLA Group Finance Manager

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Subject: Re-establishment of the Budget Monitoring Sub-Committee

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 25 June 2014

This report will be considered in public

1. Summary

- 1.1 The report requests that the Committee appoints Members and substitute Members and elects a Chair to the Budget Monitoring Sub-Committee. The Sub-Committee's terms of reference and timetable of meetings are set out in the report.

2. Recommendations

- 2.1 **That the Budget and Performance Committee agrees to re-establish the Budget Monitoring Sub-Committee as an ordinary sub-committee for the 2014-15 Assembly year, comprising two Labour Members and two Conservative Members (in accordance with the committee memberships and proportionality agreed at the Assembly's Annual Meeting).**

- 2.2 **That the Budget and Performance Committee agrees the following term of reference for the Budget Monitoring Sub-Committee:**

"To consider the quarterly monitoring reports provided by the GLA and its functional bodies as referred to it by the Budget and Performance Committee, and any other reports falling within the terms of reference of the Budget and Performance Committee which that Committee considers appropriate, and to report back its findings to the Budget and Performance Committee as necessary."

- 2.3 **That the Budget and Performance Committee appoints the following Assembly Members to the Budget Monitoring Sub-Committee and agrees that all non-appointed Members of the relevant political Groups be appointed as substitute Members for their relevant party Group Members on the Sub-Committee:**

Gareth Bacon AM;

John Biggs AM;

Tom Copley AM; and

Roger Evans AM.

- 2.4 **That the Budget and Performance Committee elects a Chair for the Budget Monitoring Sub-Committee for the 2014-15 Assembly year.**

- 2.5 **That the Budget and Performance Committee notes the Sub-Committee's timetable of meetings, as set out in paragraph 4.5.**
- 2.6 **That the Budget and Performance Committee agrees to refer automatically the following reports to the Sub-Committee for the 2014-15 Assembly year:**
- The quarterly monitoring reports provided by the GLA and its functional bodies;**
 - The Mayor's Decision Lists;**
 - Payments above £250;**
 - Treasury Management Strategy; and**
 - Fees and Charges.**
- 2.7 **That the Committee refer to the Budget Monitoring Sub-Committee for scrutiny the delegations to officers concerning financial transactions in the Scheme of Delegation of Mayoral Functions of the Greater London Authority.**

3. Background

- 3.1 At its Annual Meeting on 14 May 2014, the Assembly agreed in principle for the Budget and Performance Committee to re-establish the Budget Monitoring Sub-Committee. The Budget and Performance Committee is now asked to re-establish and agree the detailed arrangements for the Sub-Committee.

4. Issues for Consideration

Membership and Chairing Arrangements

- 4.1 In accordance with the political proportionality agreed at the Assembly's Annual Meeting on 14 May 2014, the Sub-Committee should be comprised of two Members of the Labour Group and two Members of the GLA Conservatives, with the membership to be proposed and agreed by the Committee.
- 4.2 The Committee is also asked to elect a Chair (and Deputy Chair if considered necessary) of the Sub-Committee.

Substitute Members

- 4.3 To ensure that the Sub-Committee's business may still be transacted in the absence any of its Members, it is suggested that all non-appointed Members of each political Group represented on the Sub-Committee be appointed as substitute Members for their relevant party Group Committee Members on the Sub-Committee.

Timetable of Meetings

- 4.4 The Budget Monitoring Sub-Committee will meet on the following dates:

Wednesday 16 July 2014 at 2.30pm
Tuesday 21 October 2014 at 3.30pm
Wednesday 17 December 2014 at 2.30pm
Tuesday 24 March 2015 at 3.30pm

Term of Reference

- 4.5 In accordance with the Assembly's resolution of 14 May 2014, the Budget Monitoring Sub-Committee is to be re-established with the following term of reference:

"To consider the quarterly monitoring reports provided by the GLA and its functional bodies as referred to it by the Budget and Performance Committee, and any other reports falling within the terms of reference of the Budget and Performance Committee which that Committee considers appropriate, and to report back its findings to the Budget and Performance Committee as necessary."

- 4.6 As in previous years, it is proposed that the Committee agrees to refer automatically the following reports to the Sub-Committee for the 2014/15 Assembly year, noting that this does not prevent the Budget and Performance Committee considering the information should it wish to do so:

- The quarterly monitoring reports provided by the GLA and its functional bodies;
- The Mayor's Decision Lists;
- Payments above £250;
- The GLA Treasury Management Strategy; and
- Fees and Charges.

- 4.7 At its meeting on 14 May 2014, the Assembly also resolved "That the Scheme of Delegation of Mayoral Functions of the Greater London Authority be referred to the Budget and Performance Committee for scrutiny of the delegations to officers concerning financial transactions." It is proposed that the Committee refer this matter to the Budget Monitoring Sub-Committee for scrutiny.

5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

- 6.1 There are no relevant financial implications arising directly from this report.

List of appendices to this report:

None

Local Government (Access to Information) Act 1985
List of Background Papers: None
Contact Officer: Dale Langford, Senior Committee Officer
Telephone: 020 7983 4415
E-mail: dale.langford@london.gov.uk

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Subject: Viability of Transport for London's Sponsored Transport Schemes

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 25 June 2014

This report will be considered in public

1. Summary

- 1.1 This paper proposes that the Committee undertakes an investigation into the viability of Transport for London (TfL) transport schemes that are part-funded by the private sector, setting out the terms of reference, scope and methodology for the project.

2. Recommendations

- 2.1 **That the Committee agrees the terms of reference for the proposed investigation, as set out in paragraph 4.2 of this report.**
- 2.2 **That the Committee notes the report, puts questions to the guests and notes the discussion.**

3. Background

- 3.1 Ridership levels and income have both been less than originally expected for the Emirates Air Line and the Barclays Cycle Hire Scheme. The Mayor launched these schemes on the basis that the income generated through usage and from securing sponsorship partners would make them cost effective for London. Now that these schemes are established pieces of London's transport system, there is an opportunity to assess their financial performance, how much these schemes are costing TfL, and the benefits they are generating.
- 3.2 This investigation will build on the Committee's previous work, including the February 2012 report, *Whose brand is it anyway?*, which led to TfL establishing a policy on sponsorship.
- 3.3 By examining the Emirates Air Line and the Barclays Cycle Hire Schemes, this investigation would aim to influence thinking on proposed new transport infrastructure for which private sector investment is expected.

4. Issues for Consideration

- 4.1 The project scoping paper for the investigation is attached to the report at **Appendix 1**.

- 4.2 The proposed terms of reference for the Committee’s investigation are:
- To examine how much the Emirates Air Line and Barclays Cycle Hire Scheme have cost TfL and how this compares with original expectations;
 - To examine the role that sponsorship has played in making these schemes financially viable and how TfL can go about maximising sponsorship from similar schemes in the future;
 - To examine TfL’s current plans for the Emirates Air Line and Cycle Hire Scheme and how these are expected to affect usage, income and profitability.
- 4.3 Under this proposal, the Committee will hold two meetings and produce a report of its findings with recommendations to the Mayor and TfL.

5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

- 6.1 There are no direct financial implications of this report.

List of appendices to this report:

Appendix 1 – *Viability of TfL’s sponsored transport schemes – project scoping paper.*

Local Government (Access to Information) Act 1985
List of Background Papers: None
Contact Officer: William Roberts, Budget & Performance Adviser
Telephone: 020 7983 4958
E-mail: william.roberts@london.gov.uk

viability of sponsored transport schemes

Budget and Performance Committee – project scoping paper

Introduction

When the Mayor and Transport for London (TfL) launched the Emirates Air Line (EAL) and the Barclays Cycle Hire Scheme (BCH), it was on the basis that sponsorship and ridership income would cover the costs of running them and that these schemes would break-even within a few years of their launch. The EAL is on target to break even within ten years, but the BCH is now not forecast to break even operationally over the next ten years, despite sponsorship income being greater than anticipated in the business plan.

Now that these schemes are established parts of London's transport system, the Committee will assess their performance, determine the value of their sponsorship agreements, and identify how much these schemes are costing TfL compared with original expectations.

We hope that the investigation will influence thinking on proposed new transport infrastructure, for which private sector investment is expected. A topical example is the Garden Bridge proposal between the South Bank and Temple; the cost is estimated at £150 million, including £30 million contribution from TfL, £30 million from the Government, and £90 million from private sources including sponsorship. In the coming years, other schemes may be proposed that depend on private funding to make them financially viable.

This investigation will build on the Committee's previous work, including the February 2012 report, *Whose brand is it anyway?*, which led to TfL establishing a policy on sponsorship.

Terms of reference

- To examine how much the Emirates Air Line and Barclays Cycle Hire Scheme have cost TfL and how this compares with original expectations;
- To examine the role that sponsorship has played in making these schemes financially viable and how TfL can go about maximising sponsorship from similar schemes in the future;
- To examine TfL's current plans for the Emirates Air Line and Cycle Hire Scheme and how these are expected to affect usage, income and profitability.

This paper provides further information about the background to this investigation, how it will be conducted and the key questions it will address.

viability of sponsored transport schemes

Budget and Performance Committee – project scoping paper

Background

Barclays Cycle Hire Scheme

Concept and launch

The previous Mayor, Ken Livingstone, unveiled plans for a cycle scheme in February 2008.¹ Initial plans were for a scheme with 6,000 bikes and a ten-year budget of £75 million. It was envisaged that some of the costs would be met from sponsorship and fares but that the scheme would require funding by TfL.

Boris Johnson's 2008 election manifesto included a commitment to introduce a central London cycle hire scheme at no cost to the tax payer.²

The Cycle Hire Scheme was launched in July 2010. Phase 1 of the scheme had 5,000 bikes at 315 docking stations and covered central London. In January 2009, TfL's business case forecast capital costs of £54 million and annual operating costs of £12 million.³ By the time the contract was awarded in August 2009, the capital budget had risen to £82 million and annual operating costs were forecast to be £17.3 million.⁴ These costs were expected to be offset by sponsorship income, membership fees and hire charges, and reach the break-even point within three years.⁵

In 2012, phase 2 of the scheme began with bikes becoming available in east London. TfL increased bike numbers to 8,000 and docking stations to over 570.

Phase 3 of the scheme's expansion began this year. The scheme is being expanded to southwest London, with the addition of a further 2,400 bikes and 200 docking stations.

Performance

TfL originally forecasted 30,000 journeys per day in year one and then 40,000 journeys per day for future years. However, in the first year there were just 14,000 journeys per day and, despite the scheme's significant expansion, the 40,000 target has still not been reached. In 2012/13 there were 26,000 journeys per day and in 2013/14 this had fallen to an average of 22,000 journeys per day.⁶

Sponsorship and funding

Barclays is the sole sponsor of the scheme. It originally agreed to pay up to £25 million between 2010 and 2015 for exclusive sponsorship rights for the Cycle Hire Scheme and other cycling initiatives including Cycle Superhighways. In 2011, it was announced that Barclays had agreed to extend its sponsorship of the scheme to 2018 for a further £25 million.⁷ However, in December 2013, Barclays announced that it had re-examined its

viability of sponsored transport schemes

Budget and Performance Committee – project scoping paper

sponsorship strategy and would not be extending its sponsorship of the Cycle Hire Scheme beyond 2015.⁸

Due to some contract conditions not being met (most notably, levels of use) there have been some deductions to sponsorship income. Between July 2010 and January 2014, TfL has received £17.68 million from Barclays, out of a possible maximum sponsorship income of £19.75 million during that period. However, Barclays has agreed to pay the full £25 million over the contracted period to July 2015.⁹ On the cost side, TfL has paid Serco, the scheme's operator, less than planned due to some performance targets not having been met.

TfL is currently forecasting that the total build cost to TfL for all three phases of the scheme will be £129 million, with annual operating costs of around £25 million.¹⁰ Approximately half of operating costs are recouped through sponsorship and fares, leaving TfL with approximately £12 million of operating costs to fund each year.

Emirates Air Line

Concept and launch

TfL first unveiled a plan for a cable car between Greenwich and the Royal Docks in July 2010.¹¹ It was proposed as a relatively quick and cost effective way of improving connections across the river for pedestrians

and cyclists. The original proposal, prior to detailed engineering studies being carried out, was that the cable car's construction would cost in the region of £25 million and would be funded entirely by the private sector.

Further work on the concept by TfL showed that the cable car would cost more than initially anticipated but that it would still provide good value. The business case for the cable car included capital costs of £63 million (including a £7 million contingency), and anticipated annual sponsorship income of £2 million.¹² Based on passenger numbers rising from 2.1 million in 2012/13 to 2.6 million in 2020/21, TfL calculated that the project had a benefit to cost ratio of 2.7:1.

The business case also showed that TfL had considered other routes for the cable car, including to the Isle of Dogs and East India Dock, but these proposed routes were in conflict with property developments making construction difficult, if not impossible. An additional advantage to linking North Greenwich with the Royal Docks was that passengers would be within a five minute walk of Crossrail when the Customs House station opens in 2018.

Demand forecasts in the scheme's business case estimated that between 30 and 40 per cent of passengers would be regular public transport users, 50

viability of sponsored transport schemes

Budget and Performance Committee – project scoping paper

to 60 per cent would be ‘linked visitors’ (people coming to visit one of the attractions in the area), and approximately five per cent would be tourists specifically coming to use the cable car.¹³

The cable car opened to the public on 28 June 2012.

Performance

In its first year, the cable car attracted 2.4 million passengers but a lot of this traffic was generated by the Olympic Games, and ridership levels fell significantly in 2013. In the 12 months to April 2014 fewer than 1.5 million journeys were made. And, contrary to the original business plan expectation, the vast majority of users have been tourists, with only a handful of people using it as part of a regular commute.¹⁴

Sponsorship and funding

In October 2011, it was announced that Emirates Air Lines would sponsor the cable car.¹⁵ Emirates agreed to pay £36 million over a ten-year period as part of a sponsorship deal that included branding the cable car with the airline’s name.

In addition, £8 million of European funding was secured for the scheme, together with £0.8 million from the London Development Agency.

TfL is forecasting that the scheme will have paid for itself within its current ten-year sponsorship period. Fares revenue already covers all operating costs and, together with sponsorship income, the scheme is forecast to break even by 2021/22.¹⁶

Garden Bridge

In July 2012, the Mayor asked TfL to help with the feasibility and planning stages for a pedestrian bridge to be built across the Thames between the South Bank and Temple. A charity (the Garden Bridge Trust) has been established to promote and seek funding to build and maintain the new bridge. Active fundraising is expected to begin in 2015, and construction in 2016, ready for the bridge to open in 2018.

Initial forecasts suggest that it will cost £150 million to build, and the Trust plans to raise the majority of the required funding from the private sector. The government has pledged to provide £30 million for the bridge, and the Mayor has pledged £30 million from TfL. The Trust is looking to raise the remaining £90 million from the private sector.

viability of sponsored transport schemes

Budget and Performance Committee – project scoping paper

How the Committee will conduct this investigation

The Committee will investigate this topic over two meetings, scheduled for 25 June 2014 and 3 July 2014. The intention is to publish a report in the autumn.

Prior to the June meeting, officers will carry out desk-based research, and request written submissions from TfL, Barclays, Emirates and the Garden Bridge Trust.

First Committee meeting

The meeting on 25 June will be used to discuss performance against expectations of the Barclays Cycle Hire Scheme and the Emirates Air Line, with representatives of TfL, the Mayor's Office and transport experts. The meeting will also be used to look at TfL's current plans for these schemes. Some of the key questions that will be explored at the first meeting are:

- Compared with original forecasts:
 - ☐ How much have the two schemes cost to set up and run?
 - ☐ How much sponsorship income has TfL received?
 - ☐ How many people have used the schemes and how much revenue has been generated?
- What benefits have the two schemes generated and do these justify the schemes' costs?

- What are TfL's plans for the Emirates Air Line and the Barclays Cycle Hire Scheme? How does TfL intend to increase their usage and make them more cost effective?

Second Committee meeting

The meeting on 3 July will be used to discuss TfL's strategy for ensuring best value from sponsored transport schemes in the future. Guests at the meeting are likely to include representatives from TfL and the Mayor's Office, supporters of the Garden Bridge scheme and other transport and sponsorship experts. Some of the key questions which will be examined in the meeting are:

- What role can private sector funding play in creating and improving TfL's transport network, and what is TfL's strategy for attracting this kind of funding?
- What schemes is TfL considering for private sector funding and how can it secure best value for money from them?
- How can TfL manage the risks around under-performance of future schemes and protect the public purse?

viability of sponsored transport schemes

Budget and Performance Committee – project scoping paper

Further information

For further information about this investigation, please contact William Roberts, Budget and Performance Adviser (william.roberts@london.gov.uk; 020 7983 4958).

End notes

¹ Mayor unveils programme to transform cycling and walking in London, Mayoral press release, 8 February 2008

² Getting London Moving, Boris Johnson election manifesto, <http://image.guardian.co.uk/sys-files/Guardian/documents/2009/04/27/Transportmanifesto.pdf>

³ TfL Business case, ST-PJ302C Project Cycle Hire Scheme, 6 January 2009

⁴ TfL Business case, ST-PJ302C Barclays Cycle Hire Phase 1, December 2011,

⁵ Evidence provided by TfL to the Transport Committee for its investigation into cycling in London - Pedal Power, November 2010

⁶ Numbers of Bicycle Hires, London DataStore – the average for 2013/14 is based on data up to the end of February 2014

⁷ Mayor's flagship Barclays Cycle Hire celebrates first birthday with additional £25m investment from Barclays, GLA press release, 28 July 2011

⁸ TfL Commissioner's report, TfL Board meeting, 11 December 2013

⁹ TfL written response for investigation, 28 May 2014

¹⁰ TfL Submission to request for information from the Transport Committee, November 2013

¹¹ Plans unveiled for a new Thames crossing with London's first cable car system, TfL press release, 4 July 2010

¹² Cable car need and business case, Transport for London, 2011

¹³ Cable car need and business case, Transport for London, 2011

¹⁴ For a 7-day period in October 2013, there were only four Multi-Use (+5) Oyster discounts used and 18 Multi-Trip paper boarding passes purchased. Emirates Air Line user figures, FOI request from TfL by Darryl Chamberlain, 20 October 2013, <https://www.whatdotheyknow.com/request/emirates-air-line-user-figures?unfold=1#incoming-451013>

¹⁵ Mayor secures Emirates Airline to sponsor new river crossing, Mayoral press release, 7 October 2011

¹⁶ TfL written response for investigation, 28 May 2014

Subject: Response to the Mayor's Draft Consultation Budget 2014-15

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 25 June 2014

This report will be considered in public

1. Summary

- 1.1 This report recommends that the Budget and Performance Committee notes the response from the Chief of Staff on behalf of the Mayor to its report, *Response to the Mayor's Draft Consultation Budget 2014-15*.

2. Recommendation

- 2.1 **That the Committee notes the response on behalf of the Mayor to the Committee's Report on Mayor's Draft Consultation Budget 2014/15**

3. Background

- 3.1 Following the Committee's meetings with senior officers of the GLA and Functional Bodies on 7 and 9 January 2014 and with the Mayor on 14 January 2014, the Committee published its response to the Mayor's draft Consultation Budget for 2014/15 on 21 January 2014 and presented at the Assembly's Draft Budget meeting on 29 January 2014.

4. Issues for Consideration

- 4.1 Sir Edward Lister, Chief of Staff and Deputy Mayor for Planning, on behalf of the Mayor, wrote a detailed response to the recommendations in the Committee's report. The Committee is asked to note the response on behalf of the Mayor, attached as **Appendix 1**.

5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report:

Appendix 1: Response to the report, *Response to the Mayor's Draft Consultation Budget 2014-15*

Local Government (Access to Information) Act 1985
List of Background Papers: None
Contact Officer: Steve Wright, Scrutiny Manager – Budget and Performance Committee Telephone: 020 7983 4390 E-mail: steve.wright@london.gov.uk

MAYOR OF LONDON**John Biggs AM**

Chairman of the Budget and Performance
Committee
City Hall
The Queen's Walk
More London
London SE1 2AA

Date: 27th January 2014

Dear John

Response to the Mayor's draft consultation budget 2014-15

Thank you for your letter of 20 January. On behalf of the Mayor I set out below responses to your Committee's recommendations on the draft consultation budget 2014-15.

Recommendation 1

In view of its admission that no in-depth analysis has been carried out before, and in order to help improve the Met's performance, MOPAC should carry out work to understand why crime has fallen more slowly in London than in other urban areas in England over the last ten years.

A review of the patterns of reduction achieved by the MPS 'most similar force' group raises some interesting questions. MOPAC will be asking HMIC to undertake some research to gain a better understanding of what sits behind this.

Recommendation 2

As we requested in the Pre-Budget Report, MOPAC should provide workforce projections for 2014-15 and 2015-16 using the Operational Policing Measure.

From 2014-15 onwards the service costing information included in financial monitoring will be derived from the OPM. MOPAC are monitoring OPM information on a regular basis in order to examine and challenge the effective use of available resources and have committed to make greater use of OPM data in setting future budgets. MOPAC will provide OPM data to the Budget Monitoring Sub-Committee on a quarterly basis and publish it on their website once a review of data published on their internet has concluded.

Recommendation 3

MOPAC should provide a breakdown of the cost savings in 2014-15, 2015-16 and beyond it expects to generate from its investment in the Met's technology.

MOPAC will provide a breakdown of the costs savings it expects to generate from its investment in the Met's technology.

Recommendation 4

The Mayor should explain how he intends to fund LFEPA in the medium term in the context of falling government grant funding, and whether another major round of savings will be needed.

Paragraphs 5.20 and 5.21 of Part II of the Draft Consolidated Budget for 2014-15 explain the Mayor's intentions for 2014-15 and 2015-16. The Mayor has committed to provide funding to LFEPA to avoid the need for any further major frontline realignment over the lifetime of LSP5 from 2013-17. The details of how this commitment will be honoured in 2016-17 needs to await future grant Settlements and the overall funding position of the GLA. However, LFEPA are in a no less uncertain position than other public bodies generally.

Recommendation 5

The Mayor should clarify his strategy for disposing of surplus sites across the GLA Group, and how he is ensuring that the functional bodies are reaching the right balance between generating capital receipts and achieving his wider Mayoral objectives.

There is a clear protocol in place for agreeing disposals of surplus land and property across the GLA Group and this is overseen by the Single Property Unit (SPU) Steering Group which is chaired by the Deputy Mayor for Housing, Land and Property and includes senior representation from all the functional bodies. In all relevant situations the London Development Panel, which the Mayor established last year to make it faster, easier and cheaper to bring surplus public sector land forward for development to meet his policy objectives, will be used and any exceptions to this require approval from the SPU Steering Group.

Recommendation 6

The Mayor should estimate by how much the Affordable Housing Programme will be underspent by March 2015, and set out how he intends to use that money.

The GLA housing team is working hard to deliver affordable housing targets to 2015 and these are likely to require the resources currently allocated to the Affordable Housing Programme. In the event of any budget being available at the year end this would be used to support the Mayor's target of 100,000 affordable home completions over two Mayoral terms.

Recommendation 7

The Mayor should ask TfL to work with the GLA Intelligence Unit to produce some estimates of the social and economic benefits of time-based ticketing options to address the following objectives: to encourage part-time work, reduce peak-time travel, and reduce travel costs for low-paid workers. This should be provided to the Committee by June 2014, together with the costs of those ticketing options to TfL.

The introduction of contactless bank card payments on the London Underground and rail services later this year not only provides customers with more flexibility but also provides the opportunity for TfL to develop more flexible ticketing products. The original Oyster card system has a number of operational constraints which limit this flexibility. The Mayor has therefore asked TfL to work on ticketing products which specifically address the needs of part-time workers, asking them to balance the desire of all Londoners to have a simple and cost-effective ticketing system with the needs of part-time workers. The Mayor has asked for this in time for any such changes to be introduced from January 2015.

Recommendation 8

The Mayor should confirm that he will ensure that all functional bodies fully comply with the requirements he sets out in his budget guidance document for the 2015-16 budget.

The Executive Director of Resources sent a letter to you on 21 January on the detail of TfL's budget submission for 2014-15. He clarified that there were no omissions in the information TfL supplied to GLA officers. The Mayor is happy to confirm that he will ensure all functional bodies will be expected to fully comply with the requirements he sets out in his budget guidance on the 2015-16 budget.

Recommendation 9

The Mayor should confirm that the prioritisation process for the 2015-16 core GLA budget will be sufficiently advanced to be included in the 2015-16 draft consultation budget.

Being able to deliver the prioritisation process to an earlier deadline next year will depend on a number of factors, not least available funding and the timing of funding decisions by the Government. However, the Mayor intends to use his best endeavours to ensure that your Committee's request will be delivered in the 2015-16 budget process.

I trust these replies will assist the Assembly's deliberations on the Mayor's budget at its meetings on 29 January and 14 February.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'E Lister', followed by a horizontal line.

Sir Edward Lister
Chief of Staff and Deputy Mayor, Policy & Planning

Cc: Martin Clarke, Executive Director of Resources, GLA
David Gallie, Assistant Director – Group Finance, GLA

Subject: Budget and Performance Committee Work Programme

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 25 June 2014

This report will be considered in public

1. Summary

- 1.1 This report sets out proposals for the Budget and Performance Committee work programme for 2014/15.

2. Recommendations

- 2.1 **That the Committee agrees its work programme for 2014/15.**
- 2.2 **That the Committee delegates authority to the Chairman, in consultation with party Group Lead Members, to respond to the Home Office consultation on the draft Bill to reform the Riot (Damages) Act.**

3. Background

- 3.1 The Committee receives a report monitoring the progress of its work programme at each meeting.

4 Issues for Consideration

- 4.1 The Committee's calendar of meetings for 2014/15 was agreed at the Assembly's Annual Meeting on 14 May 2014. The dates for the rest of the year are:

Thursday 3 July 2014	Tuesday 6 January 2015
Thursday 11 September 2014	Thursday 8 January 2015
Wednesday 15 October 2014	Tuesday 13 January 2015
Thursday 20 November 2014	Thursday 19 March 2015

- 4.2 During 2014/15 the Committee will scrutinise the Mayor's 2015/16 budget proposals for the Greater London Authority (GLA) Group on behalf of the London Assembly, as well as examine specific budget and performance issues across the GLA Group. The Committee is asked to note the

following as potential areas for investigation over the coming months, as agreed by Group Leads in February:

- **Viability of TfL’s sponsored transport schemes.** Ridership levels and income have both been less than originally expected for the Emirates Air Line and the Barclays Cycle Hire Scheme. The Mayor launched these schemes on the basis that the income generated through usage and from securing sponsorship partners would make them cost effective for London. Now that these schemes are established pieces of London’s transport system, there is an opportunity to assess their financial performance, how much these schemes are costing TfL, and the benefits they are generating. This topic is covered in more detail elsewhere on the agenda.
- **Core GLA project prioritisation process.** The late timing of the GLA’s project prioritisation process for the 2014/15 budget made it difficult for the Committee to scrutinise the core GLA budget properly. The Committee could explore how this process works in advance of its scrutiny of the 2015/16 budget.
- **GLA business plan.** The GLA published its first business plan in May 2013 including, for the first time, key performance indicators and targets across its activities. The GLA published an updated plan in May 2014, and the Committee could examine how it has developed in light of the suggestions the Committee has made over the last year.
- **London Legacy Development Corporation operational costs.** The LLDC is responsible for delivering a lasting legacy from the Olympic Games. The Committee could investigate how the LLDC achieves value for money from its budget and whether there are opportunities to find further operational savings.
- **London Overground.** Measures of performance and passenger satisfaction levels are consistently high on this part of the TfL network. The Committee could examine the reasons for this success – particularly how it is funded and structured – and what lessons can be learned before TfL take over some rail services from West Anglia in 2015, and as it bids for the devolution of other franchises in the coming years.
- **New Homes Bonus.** From 2015/16, the London Enterprise Panel (LEP) will receive £70 million per year, top-sliced from the New Homes Bonus funding for London boroughs. Negotiations around how this will operate are ongoing. The Committee could explore how the LEP intends to use this money and what constraints it will face.

Proposed meeting timetable

4.3 The table below sets out scheduled future meetings of the Committee in 2014/15. The Committee can agree further topics as the year progresses. Items are subject to change to enable the Committee to respond to matters at short notice.

Meeting date	Proposed topic(s)
Thursday 5 June 2014	Viability of sponsored transport schemes
Thursday 3 July 2014	Viability of sponsored transport schemes
	GLA Business Plan and prioritisation process
Thursday 11 September 2014	LLDC operational costs
	Topic to be confirmed

Wednesday 15 October 2014	London Overground
Thursday 20 November 2014	GLA initial budget proposals
	New Homes Bonus
Tuesday 6 January 2015	2015-16 budget: GLA functional bodies
Thursday 8 January 2015	2015-16 budget: GLA functional bodies
Tuesday 13 January 2015	2015-16 budget: the Mayor
Thursday 19 March 2015	Topic to be confirmed

Review of the Riot (Damages) Act

- 4.4 The Queen’s Speech contained a draft Bill to reform the Riot (Damages) Act. In its 2012 report, *Picking up the pieces*, the Committee concluded that the Act was out of date, and recommended that it should be reformed. The Chairman, on behalf of the Committee, met with the independent reviewer of the Act, Neil Kinghan, in July 2013; Mr Kinghan’s report to the Government was published in November 2013 and accepted many of the Committee’s recommendations.
- 4.5 The Committee will continue to monitor developments, and will seek to influence the reform of the Act so that its recommendations are implemented, including submitting a response to the Home Office’s consultation on reform of the Act¹.

Budget Monitoring Sub-Committee

- 4.6 The Budget Monitoring Sub-Committee monitors GLA Group spending and performance and informs the work of the Budget and Performance Committee. There is a separate report on this agenda about the re-establishment of the Sub-Committee. Subject to decisions elsewhere on this agenda, it will meet four times during 2014/15:
- Wednesday 16 July 2014
 - Tuesday 21 October 2014
 - Wednesday 17 December 2014
 - Tuesday 24 March 2015
- 4.7 Ideas under consideration for 2014/15 include:
- **Delivery of the Mayor’s cycling vision.** The Mayor’s manifesto made commitments for cycling, and TfL’s latest Business Plan includes £913 million for cycling between 2012/13 and 2021/22 to help meet those commitments. Spending to date, however, has been slower than planned and the Committee could examine the reasons for this, and how TfL intends to meet the Mayor’s cycling commitments.
 - **Business rates.** By summer 2014, there will be data available showing the outcome of the first full year of business rate retention. The Committee could consider the GLA’s business rates income and its effect on GLA activities.

¹ <https://www.gov.uk/government/consultations/reform-of-the-riot-damages-act--2>

- **London & Partners.** Members may wish to examine how L&P uses its £11 million budget and how its performance can be measured.

4.8 As well as examining the GLA Group quarterly monitoring reports, the Sub-Committee will explore topical issues or specific areas contributing to the full Committee’s investigations or reports, where appropriate, and examine Mayoral Decisions.

Proposed meeting timetable

4.9 The table below sets out scheduled future meetings of the Sub-Committee in 2014/15. The Sub-Committee can agree further topics as the year progresses. Items are subject to change to enable the Sub-Committee to respond to matters at short notice. The Sub-Committee will examine the GLA Group quarterly monitoring reports and invite functional bodies to appear as necessary.

Meeting date	Proposed topic(s)
Thursday 17 July 2014	Budget Guidance for 2015/16
Tuesday 21 October 2014	Delivery of the Mayor’s cycling vision
	Business rates
Wednesday 17 December 2014	London & Partners
Tuesday 24 March 2015	Topic to be confirmed

5 Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6 Financial Implications

6.1 There are no direct financial implications to the GLA arising from this report.

List of appendices to this report: None

Local Government (Access to Information) Act 1985

List of Background Papers: None

Contact Officer: Steve Wright, Scrutiny Manager

Telephone: 020 7983 4390

Email: steve.wright@london.gov.uk