

## London Assembly (Plenary) - 25 January 2018

### Transcript of Agenda Item 3a – Draft Consolidated Budget 2018-19 Report of the Mayor

**Jennette Arnold OBE AM (Chair):** Let us now move on and ask the Mayor of London, Sadiq Khan, to present his second draft Budget proposal. Thank you.

**Sadiq Khan (Mayor of London):** Good morning, Chair. Good morning, Assembly Members. I would like to begin by thanking Assembly Member Bacon, Chairman of the Budget and Performance Committee, all of the Committee and all Assembly Members for their ideas and input into the Budget so far. I particularly want to thank Assembly Member Duvall and all the Labour Group, whose constructive engagement has undoubtedly made this a better Budget.

I want to update Assembly Members on the changes I have made, both to provide more detail on how funds will be used and in response to consultation suggestions.

Following the Government's announcement in December [2017], I made the decision they expected, reluctantly, to increase the policing element of the council tax precept by £12 for the average band D property. The extra income this generates, together with the additional income I have allocated to the Mayor's Office for Policing and Crime (MOPAC), means the Metropolitan Police Service (MPS) has an additional £49 million available in 2018-19 compared to previous assumptions.

The Government's late announcement did not give me enough time to make decisions on the best way to allocate this £49 million in my draft Consultation Budget and so, in that document, the funding was identified as 'income to be allocated'. Following discussions with MOPAC and the MPS, I have now made decisions on the allocation of this funding. This includes £15 million to boost police activity targeted at reducing knife crime. Londoners will see tougher action on knife crime throughout 2018-19 as we look to use all of the tools available to make our streets safe.

The Government has made clear that it will not cover the cost of pay increases. We cannot know what these future settlements would be, but both police officer and firefighter pay is set by others and we have to plan and provide for it. With inflation over 3%, the advice received from both Commissioners and discussions with other Police and Crime Commissioners is that it is appropriate to plan for a 2% increase for 2018-19 and later years. This assumption also applies to police and fire brigade staff. Accordingly, I have allocated £20.1 million of the additional police funding to cover these costs next year. We will keep the allocations for future years under review based on inflation, the outcome of pay negotiations and other relevant factors.

I will provide the remaining £13.9 million to the MPS for the Commissioner to invest in maintaining police officer numbers and to step up the fight against crime in 2018-19 and the following year.

Chair, in my Consultation Budget I concluded that the only way the Fire Brigade can be put on a sustainable financial footing is to increase their share of council tax in 2018-19. The Government's cap on council tax increases means we have to start bridging the gap now in order to meet it in future years. With the new assumption about future pay reviews, this is even more the case. The Consultation Budget proposed a 2.99% increase in the non-policing element of the council tax to build up income to close the budget gap facing the

fire service in future years, with 1% of the 2.99% increase being allocated to the police via business rates. Even after this rise, the consequences of the Grenfell Tower fire and the exhaustion of reserves created through pushing hard for efficiencies this year means that, by 2021-22, the Fire Brigade will have to find an additional £12.4 million in savings.

The council tax increases I am proposing provide our police and fire services with desperately needed additional funding, but the Government's real-term funding cuts mean many millions in savings are still needed to close the budget gaps that open up in future years. In addition to the £12.4 million for fire, this budget shows the police need to find another £325 million in savings by 2021-22.

I am also continuing to look at what more the Greater London Authority (GLA) can do to support preventative work with young Londoners to provide alternative paths than criminality and violent crime, including knife crime. Assembly Members know that many of the preventative services - whether youth services, schools or children's services - have suffered huge Government cuts over recent years. I am passionate about the importance of this area, but I also must be realistic. I cannot pledge funds based on figures that are unconfirmed. After receiving the council tax and business rates income forecast from boroughs at the end of this month, I will propose in my final draft Budget an allocation to this initiative for consideration by the Assembly.

Finally, following extensive consultation with Labour Assembly Members and councillors from across London, in particular Councillor Julian Bell, Chair of the London Councils Transport and Environment Committee, I have instructed Transport for London (TfL) to look again at the latest value-engineering output to see if any further funds can be freed up to make more funding available to Councils this year in order to pay for improvements to London's streets and local neighbourhoods. I have already committed more than £1 billion of TfL funding for the boroughs up to 2023, which is a record level of investment. I will try hard between now and the final version of this Budget to identify more funding within this year for Local Implementation Plans.

In conclusion, Chair, I am pleased we have made more progress on the Consultation Budget we submitted before Christmas. This will improve Londoners' lives in the face of deep Government cuts across the GLA family and the wider public sector. I look forward to answering questions shortly.