

London Assembly Budget and Performance Committee – 21 November 2018

Transcript of Agenda Item 5 – Draft GLA Budget 2019/20

Gareth Bacon AM (Chairman): Item 5, which is the main item for today. Can I welcome Sarah Mulley, Interim Executive Director of Communities and Intelligence (C&I)? Emma Strain, can I welcome her, the Interim Executive Director of C&I? Martin Clarke, well known to us all, the Executive Director of Resources. The Mayor's Chief of Staff, David Bellamy. Our new Chief Officer - welcome to your first of these sessions - Mary Harpley. Lucy Owen, who is the Interim Executive Director of Development, Enterprise and Environment (DEE) - welcome, Lucy - and of course David Lunts, who is the Executive Director of Housing. Welcome to all of you and thank you very much for your time.

As is traditional on these occasions, we are scene-setting, essentially, and as usual that falls to me with the earliest questions. Firstly, to you, David, what were the hardest choices that you faced going into this year's budget?

David Bellamy (Chief of Staff): Just looking at this stage at the Greater London Authority (GLA) mayoral budget, I think the hardest choices were about how we ensure that we continue to deliver the Mayor's agenda and pursue and achieve as much as we can for London while operating within the constraints that have been set out, and that we are not growing the net spend of the GLA.

Of course, the Mayor's priorities have been established in his two previous budgets, and what this budget does is it reflects the continuing work in those areas and in particular, the Mayor's focus on tackling London's housing crisis. Our affordable housing programme is by far the largest since the GLA was created, and we are working towards a level of affordable home-building in London that I am told has not been seen in London in my lifetime. The Mayor's housing capital programme has grown from around about £4 billion just over a year ago to what next year will be around £7 billion. This is both due to extra money the Mayor has won from Government but also other investments; for example, the £300 million Enterprise Zone in the Royal Docks.

The draft revenue budget provides for the additional staff needed to manage this huge delivery programme and in turn the support services they need. It also proposes an additional £1 million to tackle rough sleeping, undoubtedly an issue of widespread concern to Londoners, whilst, as I say, not requiring any extra funds from taxation.

Gareth Bacon AM (Chairman): Thank you. Some of that we are going to pick up as we go along, particularly the housing element of that.

Does the budget reflect any changing in priorities? This is the third budget of the Mayor's administration, so have priorities changed or developed over that time?

David Bellamy (Chief of Staff): I do not think I would say that priorities have particularly changed or developed. It is about how we ensure we make the best use of the funds in each individual area and also, as I say, about how we secure more money externally where we can to achieve even more in those areas.

Gareth Bacon AM (Chairman): What efficiencies have been made in the GLA compared with last year?

David Bellamy (Chief of Staff): There is a table of savings set out in the budget document, which comes to some £3 million. On top of that in terms of efficiencies I would probably pick out three areas. The first is our policy of not inflating programme budgets, so they are frozen each year despite inflation, and I am advised that is equivalent to an efficiency of around £2.8 million.

The second area I would say is looking at our evolving approach to information technology (IT). Clearly, as the organisation grows, and time goes on and we know how the world changes, there is more and more data generated that has to be retained by the organisation. We were coming up to the point where investment of £1 million was going to be needed in extra storage capacity for all that information, and we have managed to avoid that through our change in approach and using storage in the cloud and moving across to use some of the storage we get within the licensing we have with Microsoft. That leads to an efficiency.

The final thing - which in some cases colleagues who are members of the [GLA] Oversight Committee will be sighted on - will be some of the staffing decisions that have been taken in the last year. For instance, the changes to business support and external affairs, or the reduction too in the number of assistant directors in the authority.

Gareth Bacon AM (Chairman): The £3 million that you referred to: the biggest item or the biggest efficiency by far is the C&I Directorate programme budget, which was overprogrammed or overbudgeted for to the tune of around about £1.4 million. What does that £1.4 million represent as a percentage of the overall total, and what were the causes of it?

David Bellamy (Chief of Staff): I am just reaching for the budget document. The C&I budget. I have a figure of about £70 million in my head. That includes obviously a number of one-off items, so the recurring level of spend is more about £45 million to £46 million. Just testing memory and yes, that is not too bad actually. Yes, you can do the percentage figures.

Gareth Bacon AM (Chairman): It is relatively small. What was the cause of the overbudgeting? Is it overestimating staffing, or what?

David Bellamy (Chief of Staff): Can I refer to my colleagues on that?

Martin Clarke (Executive Director of Resources): Can I write to you with a detailed breakdown?

Gareth Bacon AM (Chairman): Yes, that will be fine. We will do the usual format, Martin, so we will write to all of you afterwards and we will pick up issues.

Martin Clarke (Executive Director of Resources): We do have analyses of all the variances. I think it would be good to set it out exactly.

Gareth Bacon AM (Chairman): Yes, that is fine. Assembly Member Duvall has indicated that he has a supplementary on this point, and then I have some questions I would like to ask Mary Harpley. Assembly Member Duvall.

Len Duvall AM (Deputy Chair): Just on the budget report and the questions that you have answered - without going into detail because we have some detail on the specific sections of the core budget - there are a combination of reductions, planned reductions coming off in some of these budgets. It is not clear whether some are due to Government cuts, some are due to programmes coming to an end, or you are reprioritising finances. A combination. Is there is a strategy in this budget for all three of those? Is that what you are

doing? Is that what is happening generally? I just want to ask that generally about the budget approach and some of the questions about your priorities. Looking at some of where the budget is heading for various sections, I am slightly at a loss for the reasoning of that. Just generally, overall in terms of the strategy for the core bits of this budget, the bit we are dealing with today, what is the thinking and where is it?

David Bellamy (Chief of Staff): The approach we try to take is to say we have a certain amount of money allocated to each area, and then we want to look for that area to propose how to use that and use that in most effective way to achieve the outcomes the Mayor is trying to obtain. Obviously, this then all ties through with the performance monitoring we talked about previously. It is a question of saying: how is that area doing? Does it need all that money to achieve that? If something is going really well, can we scale up project X? Maybe project Y is not going so well, and so we can transfer money. If we see that we need more money than we thought to deliver the desired outcome in a particular area, then the question is, do we need to move money from one area to another to do that and [we will] make those choices?

In general, to your point following that, one of the things I think you see in the budget document is that late last year, due to the additional business rates income, there were a number of decisions made about additional expenditure by the GLA. The most obvious example of that is the Young Londoners Fund, and that caused in the first year or two a boost to the figures there. You can definitely see it in the C&I figures. What you do not perhaps necessarily see, because the GLA budget was set so shortly after that decision was made, was the profiling of that spend over a number of years. One of the things that we will need to try to do is show how that profiling works, and then you can see where that particular stream is coming to an end in terms of its expenditure.

Len Duvall AM (Deputy Chair): Without going into specifics, I see it in some sections of the core budget and I understand that, so I see that in housing and land. I do not see that clarity in some of the other budgets of what you are trying to do. Am I being unfair in making that comment?

David Bellamy (Chief of Staff): The difference between housing and land and possibly the other directorates, certainly C&I, is that housing and land is very much more a capital programme directorate. You have that visibility on the capital programme and the physical things that are happening. C&I is not so much about capital. It is more about revenue and --

Len Duvall AM (Deputy Chair): No, sorry. Let me explain. It is far simpler than that. It is the difference between, if I cannot spend it on that area or I have different choices for different products, then I can see it moving around, and I see that clearly in what you are trying to do. In the other budgets where you are reprofiling, I am not sure if I see that clarity. I do not see, as programmes come to an end, whether it is programmes coming to an end, or is it because Government funding is coming to an end? I need clarity about certain decisions. What is driving you in terms of taking those decisions?

When we come into it, Chairman, if we may, when we get our specifics, maybe you will tell us where there are reductions in budgets, where you can point to whether it is a Government cut, whether it is a reprioritisation, a strategic decision that you are going to move that money, or a programme coming to an end that does it. That is the bit I am asking for and the clarity of that. When we come to do the specifics, there may well be some more questions on the back of that.

David Bellamy (Chief of Staff): I understand that. As a general point, as a budget process, that is exactly where we want to drive to in terms of performance monitoring, that it is not just about: where are we against this particular target and this particular deliverable? It also about setting out what is the budget spend in this

area and then the projects in that area and getting that transparency there. That is something that we absolutely want to achieve.

Len Duvall AM (Deputy Chair): OK.

Susan Hall AM: When you were asked what efficiencies you are making, you mentioned staffing decisions and reducing support. Can I ask how many people work at the GLA?

David Bellamy (Chief of Staff): My recollection from the last workforce report is 953 people.

Mary Harpley (Chief Officer): 953 people in post at the end of September [2018].

Susan Hall AM: That includes contract workers as well, does it?

Mary Harpley (Chief Officer): That will include everybody in a post that is recognised in our establishment and agency staff filling posts that are vacant. It will not necessarily recognise every contractor who is working here in the building. It will depend on why they are here. If they are filling recognised posts in the organisation, they will be counted.

Susan Hall AM: Thank you.

Gareth Bacon AM (Chairman): Thank you. Questions to you, Mary. The Corporate Management Team has a new budget line in here, and there are a couple of areas of spend in it that we are quite interested in. The first is the Transformation Budget, the £1.5 million Transformation Fund. What will it deliver?

Mary Harpley (Chief Officer): Its main focus is to make sure that we have a sustainable way of working as an organisation going forward, that I suspect will allow us to either stabilise our costs or reduce them. That is the summary.

At the moment, as you know, I have only been here a few weeks, but one of the things that is very clear to me already is that we are constrained for space here. We are using technology well, but not as well as we might, and we have a whole raft of underpinning work around Human Resources (HR) policies and other policies that we need to think about. How are we going to work in the future across City Hall and Union Street in a way that allows us to live within whatever footprint we agree we are going to live within, but work most effectively, taking into account the way the world is these days, the way technology enables us to work and the way people expect to work?

We have called it the Transformation Fund because it is defined by: what is the way the staffing body supports the Mayor's Office and the Assembly? How is it best to organise those teams? How is it best to enable them to work as effectively as possible?

Gareth Bacon AM (Chairman): The budget document itself refers to, "Development and implementation of talent attraction and management strategies" and "to address the key workforce issues" identified in a staff survey. What does that mean?

Mary Harpley (Chief Officer): There are three main areas identified in the staff survey, which, as you know, is over a year old now. The first is around reward and recognition. The second is around how we can ensure that our staff can work effectively and with the right eye to staff's wellbeing, as we must have. The third area is how we move towards a more diverse and more inclusive workforce.

The Transformation Fund will help us move a long way against each of those areas. If I take your point around the attraction and talent management strategies, we are already thinking hard about how we make sure that when we go out to recruit we are seen as an attractive employer with rewarding roles, right across the demographic of the city. We have not always thought in that way. We have thought, "We have this role here. We generally know how we recruit to it. We will carry on in that same way". As we know from the workforce reports that you see regularly at [the GLA] Oversight [Committee], there are aspects of our workforce that are not as diverse as we need them to be. You only start doing that by making sure that people feel attracted to the GLA and to the jobs that we have on offer.

Once we have people here, we need to be able to progress people and make the most of the talent that we bring in and maximise that for the organisation by offering progression opportunities. Again, there are some very good examples of people progressing here within the GLA, but we know that probably at the moment we do not pay enough attention to that side of our responsibilities to our staff.

Gareth Bacon AM (Chairman): The £1.5 million assigned to this line, then: what would it be spent on?

Mary Harpley (Chief Officer): It will be spent on a mixture of things. It will be spent on partly buying in some specialist help, probably temporarily, to help us develop our proposition to people that we are looking to recruit, for example. Some of that work has already started. It will be spent partly on staff, dedicated, for example, to the technology question. Where do we want to go with technology? What are other organisations doing? What do we need here in terms of infrastructure and devices? We will need some specialist help with that.

Gareth Bacon AM (Chairman): We are probably looking at contractors for this, are we?

Mary Harpley (Chief Officer): We are probably looking at some contracted help, but this is not a programme that is going to be completed in a few months. This is a programme that is going to morph into business as usual because it is about where we need to be in the fairly imminent future. It might be that we bring some staff in via the Transformation Fund into pretty much permanent roles, but what we need to think about is, how does that then morph into what our HR team looks like and what our technology group (TG) team looks like in the future?

You will see in the document we did try to distinguish between some immediate needs, particularly in TG and HR, around getting over some lumps of work that need to be done, but then there is some future thinking to be done. At the moment, as I see it, we do not have enough capacity for some of that future thinking. I do not necessarily see it all being contracted because we need people who are designing the future living with us in the future as well. I am very happy to come back either here or into [GLA] Oversight [Committee] with more detail of that, but the answer to your question is that it is a mix.

Gareth Bacon AM (Chairman): No, that is fine. We will be keeping an eye on it and we will pick that up either, as you say, here or in [the GLA] Oversight [Committee] later on.

The other thing that caught my eye is the London Watchkeeper service that you are proposing, which has nine members of staff on a 24-seven rota to really keep people informed about potential disruptive incidents. How do you see that working?

Mary Harpley (Chief Officer): David and I are going to do a double act on that, if that is OK.

Gareth Bacon AM (Chairman): Fine.

David Bellamy (Chief of Staff): I think, Chairman, it is probably just worth saying that we are slightly limited about what can be said about some aspects of this in public, but there is a private briefing of the [London Assembly's] Fire, Resilience and Emergency Planning Committee, on which I know three of you sit, being arranged to go into it in more detail.

The background is that as an administration we have placed great emphasis on building strong working relationships with the National Security Secretariat and the Civil Contingencies Secretariat, which has been hugely beneficial, in particular when COBR [Cabinet Office Briefing Rooms] has been invoked following a terrorist attack. This budget proposal only is to address two related items. First, provision of suitable facilities related to COBR. Second, ensuring that London government is aware of what is going on across the city in order that we can meet our public responsibilities.

That breaks down into two areas. First, you look at the GLA. The GLA currently has a duty officer who, in addition to their normal responsibilities, is on call 24-seven to be alerted to any new or developing incidents in London. The experience of the last two years has shown us that this model is just not sustainable. There are simply too many incidents, including protests and false alarms, and social media of course means that they are all in the public eye. For one person to deal with this reactively is not possible, especially given the high number that fall outside business hours and the prolonged workloads that result when they occur.

Secondly, London boroughs operate a resilience co-ordination system known as London Local Authority Gold, whereby London-wide responsibility is assigned to a borough chief executive each week. Recent discussions have identified a lack of information available to that person, and indeed that councils are often unsighted on developments in neighbouring boroughs that are impacting on them and their residents. Therefore, in the budget, funding is being sought for a 24-seven Watchkeeper service using a range of public and private data feeds, which can monitor what is going on in London, ensure that the relevant people both at the GLA and in the boroughs are alerted and kept informed, and also provide a clear flow of information during an incident. This proposal is based on the Government's approach, learning from how it does this, and it is strongly supportive of this being established in London.

Discussions are under way both as to the nature of the service and the contributions that would be payable by others, and the allocation proposed in the draft budget is very much reflective of the work done to date.

Gareth Bacon AM (Chairman): Nine people are proposed to carry out this function. Are they new people or are they contained within existing staffing resources?

David Bellamy (Chief of Staff): They will be new people because, beyond somebody doing it as adjunct to their existing job, there is nobody there. What is important to understand is that this is about a 24-seven service, so you only will have a couple of people working at any one time, but necessarily to have the cover that is needed you need that volume of people.

Gareth Bacon AM (Chairman): OK. Back to Mary again. The transformation programme is the largest new activity in the GLA's revenue budget and entails 17 new posts. Nine of them were just established after the Watchkeeper service. What are the other eight?

Mary Harpley (Chief Officer): At the moment - as I said, this is fairly early thinking - the other eight are likely to be four roles related to the question of future technology or the equivalent of it, and four roles related to the HR questions about ways of working: what expectations we set of people, how we decide the policies

around it? If you are going to have a more dispersed and flexible workforce, which we are going to need if we are going to be able to work within the footprint that we have, there are all sorts of questions that arise about choices that you make about who works at home, when, where people are allowed to work, what you demand in terms of continuing one-to-one interaction, what you demand in terms of ongoing team meetings. There is a whole raft of policy work that needs to be done and thinking about that.

We also need to have a conversation with everybody about how this might work, how Assembly Members feel about that, because this would potentially affect teams in Secretariat, how the Mayor's Office feels about that, how Deputy Mayors feel about that --

The point I am making is, before we start making some of these changes about ways of working, we need to have a conversation in the organisation about what those changes should be, with what benefits, with Assembly Members as well as the Mayor's Office. That was my point about Assembly Members.

We need resource to be able to staff some of that work, but, as I have already said, those are not necessarily jobs that we need for a long time.

Gareth Bacon AM (Chairman): In summary, the 17 new staff in your team will be nine people for the London Watchkeeper service, four HR policy people, and four IT people?

Mary Harpley (Chief Officer): Yes. The nine for Watchkeeper I think is certain because that proposal was well under development by the time I arrived. The four plus four represents the current thinking on the type of resource that we would need for the programme, but there is more work to be done around the details of the programme.

Len Duvall AM (Deputy Chair): I was not going to speak on this section, some of you might be happy to know, but I think I need to. Here we are in a budget process, and I realise that you are new, but this is new to us in terms of that. Forgive me because I am a bit cynical. "Transformation Fund" means an exit policy for some people. Then I listened carefully to what you have said, and you have said obviously a bit more. I think as a matter of urgency we need some flesh on this proposal before anyone can support the movement towards it, and we need it very quickly.

In terms of what you have told about this, I would say this. It is not the job of this Committee, but in terms of the new Watchkeeper service - and I think it is commendable that we have done some research that says we should try to mirror where Government is going - unless there are the processes that another Committee, the GLA Oversight Committee, looked at that run alongside that, I am not sure about this investment either. I would like to understand what those processes will be that will run alongside that bring us back into conformity. There were some issues raised by the GLA Oversight Committee, particularly post-Grenfell, about what was going on in this building and the way that it behaves. I am quite supportive of those issues, but unless we see the detail that runs alongside it and about the mechanisms and regimes that we are to relate to our other partners in this city in times of woe, I am not sure that investment in the way it has been described is going to be neat. If we do not do that, it just will not be effective. These are two areas of expenditure, relatively small in the scale of things but relatively important in their own ways about the future of this organisation and the stance it takes.

As a matter of urgency, I do not really want to wait for the GLA Oversight Committee to delve into it or in this budget. We would like something a bit more fleshed out as soon as possible as we start going through this budget process. We are going to be talking to the other parties within the GLA budget before Christmas. Before Christmas would be a good deadline for you to focus on, where you can provide that information.

Gareth Bacon AM (Chairman): I have two suggestions for how we could satisfy that, and maybe you [David] can chip in as well. Either we could potentially invite all Members to attend the Fire, Resilience and Emergency Planning Committee private briefing if the Chairman of that Committee would be amenable to it, or potentially, Mary, you could write to Committee Members setting out a bit more flesh on the bones of your proposals. Did you want to add to that, David?

David Bellamy (Chief of Staff): Your first point you make about the private briefing is what I was going to suggest as well. That would be very sensible if the Chairman is amenable to that.

In terms of the Transformation Fund, the point I just wanted to make was to agree with Assembly Member Duvall about the urgency. I walked through the Mayor's Office yesterday morning, and somebody was unable to log in and we could not get through to TG on the phone. The reality is that there are incredibly good people in that team, working incredibly hard, and the demand they are seeing is meaning that colleagues are not getting the service they should get. We need, fairly urgently, to give the leaders in that area the space to be able to step out of the firefighting and start addressing these issues.

Thinking back to my experiences of IT support in the private sector, some were good, some were bad, but some of the good bits were where there were some things that were automated, and I could self-serve and I did not need assistance from a human to solve my problem. That obviously takes a bit of investment to set up but then it is a much more efficient way of working. The point about this is that we need the capacity so that we can get in and do that stuff and it will pay back over time.

Len Duvall AM (Deputy Chair): I just want to say this. On the two areas that you have highlighted, for a number of years I have been very critical of their performance. In terms of HR, when you talk about adding staff to HR - albeit we have a new head of HR, which is quite good in that sense because I was critical of the previous head and I have been quite honest about that - the performance of HR has been a running sore of this organisation, not just in terms of the London Assembly but for the rest of the organisation.

Both HR and IT have been protected during these budget processes in previous years. They have not had to suffer any of the efficiency issues, as far as I am concerned, that others have had to in this building. There is a performance issue *per se*. If you are telling me you have to spend money on that, rather than a management approach to it, that is why I think I want it as a matter of urgency to see your breakdown of this transformation issue and how we deal with it. There are some real issues that have been festering for some time and need dealing with in terms of performance.

David Bellamy (Chief of Staff): I think we have Mary's commitment to focus on these areas, clearly, and this is what this is about. I just would note that - I am told - in 2017 there were three times as many IT service requests as in 2011, and they expect this year the number to be double what it was in 2016. If we see issues in team performance, that has to be at least partly the reason why, and that is why it is so important and so urgent that Mary and her team get to work on this.

Mary Harpley (Chief Officer): I agree it is very urgent. I do think there is investment needed before we will see the capacity to change, but that is what I am partly here to do, and I will write to you very urgently. There is already more detail behind the plans than you have in last week's budget document, so they are developing quickly, and I will write with urgency to the Committee.

Susan Hall AM: A very quick point, please. Mary, you mentioned making it a more attractive place to work and all the rest of it. Do we have problems, then, recruiting staff?

Mary Harpley (Chief Officer): We have had some problems recruiting staff in some areas. That is true. Do we have a problem recruiting overall? I do not think so. We have a churn rate of people leaving of about 16% every year. That is a reasonable rate. It means we have to do quite a lot of replacing of people. The bigger issue is the diversity of the applicants that we attract to our roles and then, therefore, the diversity of the longlists and shortlists as we go through the recruitment process. That is a bigger issue than attracting people full stop.

Susan Hall AM: OK, but in general we do not have a problem recruiting?

Mary Harpley (Chief Officer): With the exception of some teams where we have been running some vacancies for some time.

Susan Hall AM: Thank you.

Gareth Bacon AM (Chairman): We are going to move on to another section. One of the most interesting developments in the budgeting in this place, of course, is the business rates situation. Assembly Member Duvall is going to lead us through that.

Len Duvall AM (Deputy Chair): How are we doing on the business rate pilot? What is the assessment of it? I think it is to you, David, this question. How do you think it is performing and where is it going?

David Bellamy (Chief of Staff): There are probably two questions there in terms of 2018/19 and then the future. In terms of 2018/19 first, across London government, clearly not just the GLA, it has allowed us to retain an estimated additional £350 million of revenues which otherwise would have gone to the Government to use as it saw fit. Around half of that total is agreed with the Government would be applied to fund strategic investment, the things that would lead to increases in growth and hopefully increases in business rate income in future and try to boost the economy and get into a virtuous circle. That was broken down into £112 million which was for the Mayor to allocate, and then I think around £52 million which was a joint pool for allocation by agreement between the Mayor and London boroughs.

The initial distribution decisions have been made on those. The Mayor so far has taken decisions to allocate £91 million of the £112 million, and from the London-wide pot there is a decision to allocate £49 million, with a bit held in contingency there in case the final outturn numbers are not quite as strong as expected.

In terms of the Mayor, that money breaks down into four real areas. The first is commercial development in Opportunity Areas and providing the support there as those areas grow. That is around £60 million of investment. The second is affordable housing delivery, recognising how crucial that is to sustaining London's economy: £14 million of investment there. Then a further £6 million on support for local economies and small businesses, and finally around £10 million to support London's Industrial Strategy. Those decisions are all in place. Regarding the last £20 million or so, there is some work being done to refine a few of the bids, and hopefully in a few weeks we will be able to go to the Mayor for a decision about that.

Len Duvall AM (Deputy Chair): Just on that mechanism of where you jointly agree, it works both ways, I presume. The Mayor gets to talk about where London local government wants to spend its money, and they get to talk about where you want to spend your money. Is that how it works or is it just your money?

David Bellamy (Chief of Staff): Not quite. The £52 million is a joint decision between the Mayor and London boroughs, and there is a governance agreement that does that. The £112 million: obviously boroughs

are free to talk about it as a benefit that has come to London from the deal that we together agreed with Government, but it is entirely the Mayor's decision where that is spent, just as, with the other money that boroughs receive, it is entirely their decision on where to spend that in terms of their own local services.

Len Duvall AM (Deputy Chair): Where does the £52 million go then in terms of that? You described some of the priorities of where you are spending it, but of the £52 million, what is jointly being decided by boroughs and the Mayor? Also, the boroughs are under a lot of pressure. If the boroughs are pushing back and saying they do not want to play this game anymore, would that delay the allocation of that spending?

David Bellamy (Chief of Staff): I do not have the detailed lists of the joint Mayor and borough allocations in front of me. I know from the top of my head that some of them were in terms of digital investment, trying to look at how we can speed the roll-out of fibre in certain areas. They were for business incubator-type things and a range of schemes, a good mix in terms of the types of things they are doing, and also their locations across London. That comes in.

The governance mechanism requires firstly that the Mayor has to agree. The Mayor essentially has a veto as half of London government, if you like. Then, among the boroughs, from memory - Martin [Clarke] will correct me if I am wrong - they need two-thirds support. If in any sub-region of boroughs all of them were opposed, then that would prevent a proposal going forward. If such a situation happened, then basically the money would just be held back and then there would be a further bidding round a few months later to hopefully try to address some of those concerns.

What I am pleased to say is that while there were more bids from boroughs into that pot than there was money available - so inevitably there were some losers - there was wide support for the decisions that were made and the recommendations that came from an independent panel of officers from across London boroughs and also the GLA as well.

Len Duvall AM (Deputy Chair): What are the areas that the London boroughs push back on, then, or has it all been going OK and everyone is in agreement?

David Bellamy (Chief of Staff): The proposal from the Committee that was sent out for consultation was supported and approved, as set out. As I say, I am sure there will be some pockets of disappointment where individual boroughs did not get their specific pet projects through, but I think there was a general recognition - I do not know if you want to say more Martin - that it was a fair proposal.

Martin Clarke (Executive Director of Resources): All I would add is, all the successful bids are where more than one borough had come together in putting forward a bid. I am aware of one borough that was particularly disappointed, but it only put a bid where they were the sole partner. I think all the other bids had more than one borough, and I think they all were also leveraging other funding from other partners as well. On that basis, that is why there was broad support.

Len Duvall AM (Deputy Chair): Do we know what that ratio of leverage is?

Martin Clarke (Executive Director of Resources): I do have it.

Len Duvall AM (Deputy Chair): Is there an officer stance that, "If you are going to get this money, this is what you need to leverage in from other partnership funds to access this money"?

Martin Clarke (Executive Director of Resources): Part of the criteria is that more weight would be given to collective bids, including other boroughs and other partners. I do not have the detail to hand, but I do have that information, the breakdown of the successful bids, which I would be happy to provide.

Len Duvall AM (Deputy Chair): OK. Against this background of this spend, of course business rates are quite contentious in London. The Government has given some commitments and issues around that. What discussions have we had with Government about any reimbursements if it decides to support lowering of business rates, or do we just accept that it goes down and we have a reduced pot?

Martin Clarke (Executive Director of Resources): To date, every time the Chancellor or a department has made announcements to provide further reliefs or exemptions, the Government has then reimbursed local government by a specific grant. If it increased small business rates relief, all local authorities across the country then get reimbursed pound for pound by extra grant.

Len Duvall AM (Deputy Chair): OK, but you accept there is pressure there, is there not, and that the Government will want to respond? It may come up with, post-Brexit, some further incentives to support businesses that might well be struggling in a downturn. Are we able to cope with that if a big issue comes and the Government says, "Thank you very much, we are not going to give you what we normally do"?

Martin Clarke (Executive Director of Resources): At the moment it is a bit of a theoretical question. The Government does hold the policy levers --

Len Duvall AM (Deputy Chair): What is plan B? I do not mean that as a theoretical question. If there is an issue about not having the money to spend, what would plan B be?

Martin Clarke (Executive Director of Resources): The fundamental security the GLA has is that it retains a business rates reserve to cover uncertainties and volatility over business rate levels, and we hold it to cover the risk across the GLA group.

Len Duvall AM (Deputy Chair): That is standing at £163 million?

David Bellamy (Chief of Staff): No, £182 million, I think.

Len Duvall AM (Deputy Chair): Sorry?

David Bellamy (Chief of Staff): Is it £186 million? It is a bit higher than you say, from memory.

Len Duvall AM (Deputy Chair): Is this the same reserve that is set aside for challenges of business rates, where people are not satisfied by the rates they pay? Is that the same fund that you are referring to?

Martin Clarke (Executive Director of Resources): For appeals, there is a provision on the balance sheet for that.

Len Duvall AM (Deputy Chair): What do we think that is? Is it my figure or your figure?

Martin Clarke (Executive Director of Resources): It is the sum of every borough's provision that the GLA puts. I think it is in the order of - I will have to check - £300 million for appeals.

Len Duvall AM (Deputy Chair): That is £300 million-odd. OK.

David Bellamy (Chief of Staff): The GLA budget is based on a level of council tax and business rates because those are fundamentally our income sources. We obviously take a prudent approach around business rates because it is uncertain how much money we will get. With council tax, the uncertainties are lower. Clearly, there is a lot of conversation about future business rates, the state of the high street, the Amazons of the world doing things from areas where business rates are much lower, and that raises questions. There are then questions about the level of business rate retention and things like that. Ultimately, if the Government takes a decision, we are bound by that. If the Government were to decide, fundamentally, the Mayor is going to have more money, or the Mayor is going to have less money, then ultimately that is a decision for the Government and Parliament and we have to deal with it. As Martin says, we have resources to manage the situation and manage the transition, but ultimately, we are dependent on the decision of the Government in terms of funding.

Martin Clarke (Executive Director of Resources): Our risk is capped because the Government does have a safety net. If your business rates reduce below a certain level, Government support kicks in. Our business rates reserve covers the gap between the floor, you could say, and what we are expected to allocate across the group.

Len Duvall AM (Deputy Chair): Thank you.

Caroline Pidgeon MBE AM: A quick question. I think it might have been in a press release. In terms of the strategic investment pot, the Mayor claimed the initial investment will leverage in over four times as much investment from other sources. Are you able to give us detail of how that has been arrived at and what the evidence is to back that up, please?

David Bellamy (Chief of Staff): I suspect, looking at my notes, most of the things where the leverage is there are in the individual projects that have not yet been announced. We have a couple of big ones that are going to be announced next month, and that will be part of that. There were smaller examples of things that were announced around space for creative industries in Clapham and also in Deptford where this was only part-funding, so there was match-funding on those projects to enable them to proceed. That would be one example. Some of the others are some of the bigger announcements that are yet to come.

Caroline Pidgeon MBE AM: Perhaps in a few weeks, as you do that announcement, you could put that detail in writing, so we can understand the benefits from this.

David Bellamy (Chief of Staff): Yes. I think it would probably be best trying to come back at some point in the new year on that. Yes, we can certainly take a note to do that.

Gareth Bacon AM (Chairman): Fine. We are going to move on now to look at the DEE Department. Lucy [Owen], you are up. Firstly, we are going to start with environment, and Assembly Member Cooper is going to lead on that.

Leonie Cooper AM: Thanks, Chairman. Yes, there are some big changes that you are budgeting in for next year, and I just wondered if we could unpack that a bit as to why you are suggesting these changes. There is a drop on the revenue side of £4.4 million, which is almost a 30% decrease in the environment budget. I think the environment has been a success for the Mayor. Why are you planning to reduce it so much? If you reduce it so much, how on earth can you keep the momentum going on some of the things that the team has been doing?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): I can see why you think there is a reduction there, but in reality, there is no planned reduction in spend. What that reduction is made up of is: there were a number of one-off expenditures put into the budget last year through additional business rates. There was around £6 million that was put in as one-off, which is why the budget for this financial year looks larger. Some of that still needs to be profiled to be spent in further years. I will just give you examples of what some of those were. There was one-off growth of air quality of £1 million. There was one-off growth to support drinking-water fountains to reduce plastic waste of £2 million, and there was one-off growth to support National Park City of £3 million.

Leonie Cooper AM: OK. This is on the revenue side we are just talking about?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): This is on the revenue side.

Leonie Cooper AM: I am going to come on to capital in a minute, so definitely we are talking about £2 million on the revenue side for the water fountain roll-out?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes. Some of that needs to be reprofiled and there might be capital revenue swaps, but that is where it sits in the budget at the moment.

Leonie Cooper AM: £2 million sounds quite high for revenue spend on water fountains. It seems to be higher than the amount that you now have profiled into the budget for the capital spend.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): There is some profiling that needs to be done because when the money was put in we did not know the split exactly of what was going to be revenue and what was going to be capital. We can write to you with that reconciliation of what it is going to look like and to go through the details.

Leonie Cooper AM: Yes, I think that would be quite interesting. Yes, OK.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes, we can give you all the details of that. We have all that. That is where it actually was one-off growth from the financial year, so from the previous years. There is no planned reduction in the budget.

Leonie Cooper AM: OK, so you are saying that there is no reduction. It has been the removal of some one-off amounts of money.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): One-off growth, yes, and a small amount of carry-forward from the previous year as well.

Leonie Cooper AM: OK. You do not foresee that there will be any problem with the momentum of keeping all of the different initiatives going?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): No. No, and we are planning to do what we did before.

Leonie Cooper AM: OK, but on the capital side there are also some reductions. I accept, of course, that the Greener City Fund looks as though you are putting an extra £1 million into that, and on the drinking fountains

that has gone from nought on capital to £1.26 million, so obviously those are both very welcome. The announcements about the roll-out of the network of water fountains are obviously crucial for Londoners, and particularly as also the climate is changing; it is not just in terms of plastic reduction. I am very pleased to see that.

However, I am slightly concerned that it appears that your capital budget in the environment side is going to go to zero for air quality, and it appears to be going to zero for energy supply, and it seems to be being reduced by about £2 million for home energy efficiency projects and by about the same amount for the commercial energy efficiency projects. What is going on there and why is that happening, and is that not going to have a bit of an impact again?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): For the next financial year, again, we are looking to maintain as much as we can. On the Greener City Fund, there has been a swap from capital to revenue. I will not go into details. If it one tree, it is revenue. If it is a load of trees, it is capital. Anyway, Martin [Clarke] can explain all that to you.

Leonie Cooper AM: It is looking to me like it is a swap from revenue to capital.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes, some of that has happened. On air quality, most of the budget sits in revenue for the GLA, but the majority of the spend is by Transport for London (TfL). There is around £800 million per annum which comes from TfL, so that is where the majority of the work goes.

Leonie Cooper AM: Sure. I understand that, which is why I said the environment budget for air quality because I was being quite specific, because I do understand that there is money sitting within the TfL budget for air quality measures. Obviously, you did have a budget of almost £1 million here that appears to be going. Is that work that is now completed and finished and we do not need that money anymore?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): It is work that has been completed. The work that was done on air quality with the capital was specifically for -- let me just find the exact detail of what that was for. I just need to get the detail. There was some specific work that was done for one-off funding for audits, after the audits that were done at nurseries and schools.

Leonie Cooper AM: This is the school audits?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes. There was money provided for trials to post those audits for measures which could be put into place which would then take forward some of the mitigations.

Leonie Cooper AM: The audits are complete, and you are saying that all of the mitigation measures have now been installed everywhere that we were planning to install them?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): The money is going out the door. I can get an update for you on exactly where we are on those. Yes, we are privy to that.

Leonie Cooper AM: I think that would be very welcome because a lot of members get contact from local schools - we also visit them - and it would be very welcome to know exactly what the money is being spent on.

Also, is there going to be some post-installation monitoring of those mitigation measures so that we can assess which measures are most efficient? That is something that a lot of people do raise with me. Is a green wall or a green roof that has been put into a school better than planting hedges? Are you planting different hedges between the playground and the busy road? Which hedge is best to plant? Are we going to be assessing that?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes. That is the reason for that, to discover, yes.

Leonie Cooper AM: There will be some revenue funding that will continue for some sort of analysis to be done?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes.

Leonie Cooper AM: OK. That is good. Obviously, we were hopefully that we might get some money from central Government for boosting recycling, and it looks as though the money has not come in. It looks like [The Rt Hon] Mr [Philip] Hammond [MP, Chancellor of the Exchequer] was being very unkind to us. In terms of boosting recycling, what is the Mayor going to do without this additional £100 million that was applied for? Also, I would like to hear about what is going on with food waste with particular reference to Barnet. That is an area in terms of boosting recycling that is quite important. Getting people to segregate food waste really helps. What are we doing to encourage people and support councils, particularly where concerns have arisen?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): As you know, the Mayor has set very ambitious targets for London to reach 65% of its waste being recycled by 2030 and a 50% reduction in food waste by 2025. You are right that boroughs do need Government support to do that. For example, we need investment in recycling services. Local government cuts mean boroughs need much more funding for this, and the budget was a missed opportunity to give these much-needed funds. I agree with you there. In London we estimate that we need more than £100 million to meet the 2025 recycling target.

Although it was not provided in the budget, we are looking at this spending review to help secure an increase in funding, and we are lobbying for changes such as the plastic tax and extended producer responsibility, which could make more funding available.

We have the forthcoming Government consultation on the new Resources and Waste Strategy. It will cover some of the issues, and we are going to respond to that consultation with a clear message that more needs to be done, and we need to develop a mechanism whereby finances generated from extended producer responsibility are made available to help fund local authorities. In the meantime, we are working to cut waste and increase recycling in London. The Mayor has already asked each of the London boroughs. We have written to them to produce a waste reduction and recycling plan by 2020, and that will set out how they will contribute to waste reduction and recycling targets.

In addition, the London Waste and Recycling Board (LWARB) is working with London boroughs through Resource London to help improve their recycling performances and to help improve efficiency. That is really targeting problem areas, such as recycling in flats, and helping to undertake service reviews and how service reviews can be more efficient.

Leonie Cooper AM: In the absence of additional funding from Government and in the context of reduction of funding to local authorities, without this extra money from us to support local authorities, is it really realistic

that we are going to hit the Mayor's target of 65% recycling and reduction in food waste or improvement in food waste and separated collection? I really cannot see how we are going to hit that with no money there to support the local authorities in what they are doing.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): You are right; we want to work with the Government and we do estimate that we do need more money from the Government and from the spending review to help boroughs to deliver some of those targets. Meanwhile, we are working with boroughs to help them with reviews through the LWARB to be as efficient as possible and look at how they can target problem areas to increase their recycling.

Leonie Cooper AM: To boil that down into one thing then, you are saying that really, we need to see what comes out of the 6 December 2017 spending review before we can assess whether or not moving towards that 65% recycling target is going to start to take place? We are quite a long way away from it in many boroughs across London, and I mean really quite a long way away from it.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes, and that is why we want to work with boroughs, and we are writing to all of them to set out what their waste reduction and recycling plans are, so we can work together and try to help them get there. Yes, we do need more support from central Government and to look at changes such as plastic taxes, as I have already said, and extended producer responsibility. We do need to look at wider measures.

Leonie Cooper AM: OK. There was another area I just wanted to ask you about, which is something that we discussed earlier on at the beginning of the year in the [London Assembly's] Environment Committee, which is about the move by taxi drivers who do have a 15-year tail-off period before they are obliged to move over to the zero-emission-capable taxis. The target is to have 9,000 zero-emission taxis in operation by 2020. At the moment, it is not even 1,000 yet. You are projecting now 3,000 instead. What on earth is happening here?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): The target of 9,000 zero-emission-capable taxis was agreed by the previous administration with the taxi trade, as you know. We are reviewing how we are able to meet the zero-emission-capable target or the equivalent of the 45% reduction in taxi emissions. We are reviewing that and we will update you when that work is complete, which will hopefully be in the near future.

Leonie Cooper AM: OK, but this is really quite an urgent matter.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): It is. That is why we are looking at it.

Leonie Cooper AM: As you know, Putney High Street is home to the first of London's low-emission bus zones. We have just started launching more across London. Putney High Street is also home to two taxi ranks which continue to keep air quality in Putney at levels that are still not good enough, and that is the same with lots of taxis all over London. It is not very good for the drivers, particularly in the summer when they sit there with their windows open and they are themselves swathed in fumes. What are we going to do?

Gareth Bacon AM (Chairman): We are starting to recreate the Environment Committee here. Can we move this on a bit, please?

Leonie Cooper AM: Sorry. We are not. What are we going to do to move it on from the 3,000? I do not think that is fast enough.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): We are reviewing it, and we are reviewing how we can meet either the zero-emission-capable target or the equivalent of the 45% reduction. We will get back to you soon. We are reviewing that because obviously we agree and it is something that we are reviewing. We will write to you when we have the detail on that.

Leonie Cooper AM: It is probably a concern to the Transport Committee as well, I should imagine. Thank you, Chairman.

Gareth Bacon AM (Chairman): You are welcome.

Sian Berry AM: You did not cover the cuts to the two energy efficiency schemes in terms of budget. Can you outline why that is going on? I know that the budget summary says there is going to be a new replacement scheme for the RE:NEW scheme. Is that going to be a more efficiency energy efficiency scheme and deliver just the same amount of carbon savings, or is that really just a reduction in what we are going to achieve with that?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Where you see the reductions happening on the capital budget, those were planned when the programmes were going to come to an end, and we will review what those programmes have achieved and if and how we are going to put more capital into those in the future. On the capital budgets, we have not made any assumptions that those are going to be carrying on once programmes have ended.

Sian Berry AM: The draft budget says the capital money is going to drop considerably.

Gareth Bacon AM (Chairman): I think Mr Clarke wants to respond to that.

Martin Clarke (Executive Director of Resources): Could I just make a general comment on capital, referring the Committee to paragraph 2.2 in Appendix 4 of the draft capital plan? Nearly all of our capital programmes in the plan are funded by Government grants. The reduction in later years for some directives, in particular DEE, is due to currently funded Government programmes coming to an end. We do expect it is highly probable that there will be replacement programmes, but at this stage that funding is not committed and the outcome is unknown. The capital programme as it stands does not include any unfunded programmes.

Sian Berry AM: Yes. That was my question, really. Where does the money come from? Where is it going to

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David Bellamy (Chief of Staff): It is not to say that it is not going to happen when we get there, but the Government does not give us the degree of forward planning that we show in our budget documents.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): We have a good assumption that we will be able to carry it on, but we have not put it in the budget documents because the money has not been confirmed yet.

Sian Berry AM: The money that is there is money that is still the tail end of the old programme. There is no money assumed for the new programme yet?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Not in this budget, no. Not yet.

Sian Berry AM: Those are still the old programmes that are tailing off?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes.

Sian Berry AM: We would depend entirely on Government to fund these programmes? We could not get money from anywhere else to keep them going or restart them?

Martin Clarke (Executive Director of Resources): Generally, that is our main source of capital funding other than specific schemes like the Northern line extension and things like where we can use the business rate supplement.

Sian Berry AM: We will keep an eye on that as the budget carries on.

Len Duvall AM (Deputy Chair): One-off monies in expenditure. I think it is an issue for the entire budget in terms of where we do that, but can you supply an assessment of whether you would reach value for money in spending those one-off monies, and if there is some analysis can you share that with this Committee? Are there lessons learned on expenditure? We might come back to that. That is not just down solely to you, but we will do the performance issue and whether you think you had value for money in terms of what you spent that one-off money on.

Then can I just go back to an earlier point I made to the Chief of Staff? Your narrative of your budget is, "It is not a cut. It is programmes coming to an end". Some of those are one-off expenditures. You have reprofiled some. I am not clear where, but no doubt my colleagues might be able to tell me where you have reprofiled that. It might be very clear rather than me going through the tables around that. On the capital side it is a Government cut or reduction, a programme coming to an end from its point of view. Cut, reduction, reprofiling. Tomato, 'tomayto', whatever. That is your story about the environment budget.

My question then to the Chief of Staff: when we look at the pounds, shillings and pence of a budget, it does not really do your man the Mayor any favours at all. I could ride a coach and horses and present this in a way, from the figures that we have, to show that actually there are cuts going on here and you are not committing to the environment. I know very different, that the Mayor is very committed to the environment. How in terms of presentations of this budget do you not pick that up from this technical process we are in of making the books balance and do it without selling your man short? Quite frankly, if I were the opposition - and they are around here, some of them - I could have a little bit of a laugh here, to be honest. Unless we have that question of coming through, all the information you have provided us looks like there is a cut in this budget, based on the technical stuff. How do we get around that? How do you get around that? We have a shared view on this. There is a common cause. It does seem to be a bit of a problem.

David Bellamy (Chief of Staff): It is a very fair point. We have done some work in terms of the budget documents to try to improve the transparency, particularly around the staffing side, if I may say, and what we are trying to achieve through the budget. I hope the Committee, just as a general point, would see this as a step forward from the format that has been used in previous years. I also would absolutely accept there is further to go, and feedback from all perspectives is very welcome.

What this does is it sits alongside the Quarter 2 (Q2) finance report, which was published just a few days later. We have probably done a better job there of setting out and saying, "There are these big commitments". The Mayor announced big pieces of one-off funding in February [2018]. In the final budget, when we knew what the business rates outturn was going to be, there just was not the time to work out what the profile of that

spend would be across multiple years. That just was not really reflected in the 2018/19 budget, and then that leads to these really chunky amounts in 2018/19 and the profile is necessarily going to change as those profiles are applied, which we will do at the end of Quarter 3 (Q3). Yes, you are absolutely right that there is an issue there.

In the Q2 finance report I think we did a reasonable job of setting that out and explaining that, but not in this budget document. One of the things that we might want to think about jointly with the Committee is just looking at our timeframes. We run to get the Q2 finance and performance monitoring out in 35 working days following quarter-end. I am pleased that we achieved that. I know the Chairman has rightly challenged us and pointed out where we failed to do that, and obviously we are trying hard to do that. I know it is important to Mary [Harpley] and me as well that we do. The rush to get that done was following a little bit after the budget document, and they do to some extent have to be read together. Clearly, when we think about the budget, we are thinking about the performance in each area. Maybe next year we need to try to set our meeting schedule and align our dates so that we can look at that and we can present it a bit more transparently and clearly in the round.

Gareth Bacon AM (Chairman): Speaking personally, it is good that the monitoring reports are coming out earlier than before. At this stage in the budget process, I personally am more concerned about fact than messaging. I think facts can be interpreted in different ways, and I would not want to sacrifice fact for getting the message right. How the Mayor chooses to communicate his budget is a matter for him, but this Committee needs to focus on the facts first. There is no rebuke from me on any of that.

Len Duvall AM (Deputy Chair): Well there would not be would there?

Gareth Bacon AM (Chairman): No, there would not be.

Len Duvall AM (Deputy Chair): You want them to mess up. You want them to mess up and fall on their faces. I have a different view.

Gareth Bacon AM (Chairman): My Deputy Chair and I get on very well on these subjects.

There are a couple of tidying-up points I want to make on some of the answers we have heard earlier, and then we need to move on because, Members, we have eight different sections still to go through, and we have done three in an hour and ten minutes. I just want to put that one on your agendas.

The first one is the £100 million that was asked for in the Mayor's letter to the Chancellor pre-budget. What exactly would that have been spent on? The question is that recycling is a matter for the boroughs and it is a matter for, in some cases, the joint waste disposal authorities. It is not a matter for City Hall. £100 million is a large chunk of cash. What would you have spent it on?

David Bellamy (Chief of Staff): It was a request, Chairman. Looking at the annex that was sent to the Treasury, it says, "Funding for London local authorities to maintain the current level of service".

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): It is for the boroughs, to help them deliver more --

Gareth Bacon AM (Chairman): I think we are going to need rather more detail than that because, as I said, it is a matter for the boroughs. The boroughs have contracts relating to this, which they are locked into. Often they are very long-term contracts. It is something the Assembly has kicked around for a very long

period of time, looking into why boroughs, for example, recycle at different levels. Before criticism is thrown around, it would be interesting to know exactly what the Mayor envisaged that being spent on and a breakdown. Maybe that is one of the things that we will sweep up in the follow-up letters, and perhaps you could look at that.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes. We have done that research and that is the amount we have come to, so we can give you the detail.

Gareth Bacon AM (Chairman): That is fine. The second question is relating to an answer that you gave right at the beginning of this section to Assembly Member Cooper when you were talking about one-off revenue spends, not representing it as a cut but it was a spending one-off. For example, the £2 million revenue that was spent on water fountains is not being replicated next year. Again, what would you have spent that on?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Sorry?

Gareth Bacon AM (Chairman): Assembly Member Cooper challenged you over what appeared to be revenue cuts to your budget, and you gave some examples of where there were one-off revenue spends in the financial year that is just drawing to a close, one of which was £2 million on water fountains. What did you spend revenue on relating to the water fountains programme?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): The money has not been entirely spent yet, so the programme is starting now. We have just announced a partnership with Thames Water. It is a programme that is around £5 million, so we need to profile that spend as to how it is going to deliver over the next two and a half years.

Gareth Bacon AM (Chairman): What was it spent on? Research, staffing, what?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): It is a combination of delivering the water fountains, staffing to get it there --

Gareth Bacon AM (Chairman): That would be capital, would it not?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): -- working with the boroughs, grants to boroughs, etc, to get the things in place.

Gareth Bacon AM (Chairman): OK. The water fountains themselves, though: I would have thought that would be capital, not revenue.

David Bellamy (Chief of Staff): The Mayor allocated a total fund for the water fountains work. That was unencumbered money, so it was revenue funding that went into the budget on that basis. Some of that revenue funding will be used for capital expenditure or grants to other organisations, which are then using it for what we would regard as capital purposes.

Gareth Bacon AM (Chairman): It is likely to be grants, then? I could understand why you would spend one-off capital sums. I am struggling a bit with one-off revenue, though.

David Bellamy (Chief of Staff): It comes down to the point that it is not GLA officers who are going around working out the sites, liaising with all the local people and getting it built. It is very much grant and contract funding to the skilled third parties to do that.

Martin Clarke (Executive Director of Resources): The additional business rates in February [2018] is revenue, so this is where we increase revenue budgets, but you can use revenue budgets for capital expenditure.

Gareth Bacon AM (Chairman): Yes, I understand that, but I am asking: is that what happened in this case? I am not getting a terribly clear answer.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): It is being reprofiled because we have only just gone into the partnership with Thames Water. We need to reprofile it. It has not appeared in the budget in exactly what the profiling is going to look like, and we are still working with our finance colleagues on exactly what the breakdown in the expenditure will be over the next two and a half years to put that into place.

Gareth Bacon AM (Chairman): That is in the future, and what I am asking about is the past. I am asking about how you can have one-off revenue spends that you are not having in the future and that not be a cut. I am using this as an example to get underneath the approach that is being taken to setting the budget. When you set the revenue budget, there are opportunity costs to what you have decided to spend money on and, therefore, what you decide not to spend money on. I am trying to get underneath the thinking that goes behind this. If you had said it was a one-off capital spend, I completely get that. If you are saying, "In some cases, we are using revenue to finance capital", I get that as well, but what I am getting is a slightly confused message.

David Bellamy (Chief of Staff): Chairman, it is probably helpful just to step back. I know when you deal with TfL you look at TfL revenue expenditure, and that includes things that we all would regard as capital, but because, for instance, the boroughs carry out the work, under accountings standards TfL has to treat it as revenue. The fundamental point that you are making, which is the right one - I know we have agreed about this before - is that you must not spend recurring items, which are going to recur year after year after year, from a one-off pot. If it is a one-off pot you need to be clear that it is a one-off pot, which I think the Mayor was in February 2018 when he announced how the additional business rates money would be used. Then we need to find a way of setting that out clearly and, noting Assembly Member Duvall's challenge, a way of showing it that gives an accurate reflection of what the ongoing budget is, what this additional one-off spend is and how that is profiled.

Gareth Bacon AM (Chairman): OK. I am conscious of time. Having just told off the rest of the Committee, I cannot indulge myself too much. Perhaps we could sweep this up in the exchange of information after the meeting. We are going to move on now.

Susan Hall AM: Let me see if I can just ask a couple of questions about London & Partners (L&P). What exactly did L&P do with the extra money you gave it last year?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): You have summonsed a lot of the information about what L&P did in 2016/17. We have given you all that information. In terms of what has been done in the year to date, it has been very much focused on working in the light of Brexit. Its Brexit and key accounts team has been tasked with working with London businesses as much as possible to influence the balance of location, both for talent and to make sure that we retain businesses

themselves. There has been a lot of work going on post-Brexit to make sure that we maintain talent and businesses. It has extended its international footprint. It has opened new offices abroad, creating an additional 16 posts, and it has opened offices where it has had no coverage before: Paris, Berlin, Chicago --

Susan Hall AM: That is the day-to-day running. We understand that. Was there anything specific to the additional money that you gave it?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): The additional money, the additional £1.3 million, was very much focused on dealing with any implications from Brexit. That is what the additional money was specifically for.

Susan Hall AM: OK. What will it stop doing then, after the proposed reduction in its funding?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): The funding is set to stay steady for the next three years, if you look at the budget.

Susan Hall AM: Right. I had it indicated that it was reducing.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): It stays steady at --

David Bellamy (Chief of Staff): £13.1 million for 2019/20 and the three years thereafter.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): That was agreed as part of the business plan and it is staying steady for the next three years.

Susan Hall AM: Thank you. L&P was originally set up with the intention of it gradually requiring less and less taxpayer funding as it went along, so it could support itself. Clearly, that is going horribly wrong. It is a good idea that it does look after itself more and the taxpayers are not looked upon more and more. What are you doing to try to encourage it to start performing better as a business in order that it will not need taxpayer funding so much?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): We are working very closely with it to do that. Recently, as you know, it has a new business plan and it has been setting new targets that have a lot more robust methodology calculations behind them. One of those targets is the proportion of resources that are non-GLA grant and the target is that we want L&P to get a minimum of 50% non-GLA grant. We are working with it to do that. There are a number of things that it is doing to look at its expenditure in other ways. It has a fair amount of in-kind support, which means that it can reduce its expenditure. It has in-kind support through other offices available and it is working with its partners to get as much additional support in as possible.

Susan Hall AM: Yes. It has always been the case that it was 50% though, has it not? You are not reducing that, as in that we should be putting in less and less as we go along.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): That is a target we have set for it because we think that is a target that is achievable.

Susan Hall AM: Yes, but you are aware that some of the other 50% is made up of taxpayers' money as well in European funding and so on. Do you think that is acceptable?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): I believe that L&P is carrying out and meeting the targets that we are setting it. Currently, for Quarter 1 (Q1) and Q2, it is overachieving the target set. We are working with it well.

Susan Hall AM: You think you are working with it well?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes, especially with its new business strategy focusing on seven core markets --

Susan Hall AM: Millions of taxpayers' pounds are going into this particular company. Do you think it is right that the [Assembly's] Economy Committee actually had to summons some of the information in order to look properly at what is going on in its business? Do you think that is acceptable?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): We have provided you all that information. We will work with you as closely as possible.

Susan Hall AM: That is not what I just said. Do you think it is acceptable that we had to go to that in order to get some information when so much taxpayer money is going into L&P? Do you think it is acceptable that we had to go to those lengths?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): We have provided you with all that information. Hopefully, it will give you exactly what you want to know. We have a new structure in at L&P, we have a new Chief Executive [Laura Citron] who is working with us very closely and we want to move forward. We will provide you with information that you want to see.

Susan Hall AM: OK, I will ask Mary. Mary, do you think it is acceptable that we have had to go to these lengths to get information out of a business, if you like, that is having so much money given to it from the taxpayer?

Mary Harpley (Chief Officer): It was unfortunate that you had to summons it.

Susan Hall AM: Unfortunate?

Mary Harpley (Chief Officer): Yes, but I think that there were difficulties set to the new Chief Executive in providing the information given the confidential context in which a lot of that information had been gathered, both in terms of the Board minutes and confidential data related to the companies involved. That is what held back the handing over of the information. As you know, it has now handed it over. It is very concerned about the confidentiality of a lot of that information, but it has handed it now to the Committee in that light.

Susan Hall AM: It has handed it over, Mary, because it has had to.

Mary Harpley (Chief Officer): Yes. It has been summonsed. I accept that. There were concerns about confidentiality. Those have now been overcome and it has handed over the information as asked.

Susan Hall AM: Yes. Of course, there are concerns from us as to how it makes claims that it is worth £350 million to the London economy. We want to drill down into how it comes to that figure, which is not unreasonable given that millions and millions of pounds of taxpayers' money is going into it, but I know we are stuck for time so I will carry on. Nevertheless, I hope the point is made. We are very irritated by this.

Gareth Bacon AM (Chairman): Assembly Member Hall, before we move on to the economic development questions --

Susan Hall AM: About to.

Gareth Bacon AM (Chairman): -- I have just seen Assembly Member Pidgeon on this subject. We will come back to you.

Susan Hall AM: Thank you.

Caroline Pidgeon MBE AM: Specifically, on L&P in the performance paperwork we were given it shows as a red indicator that there is increasing evidence that tourism numbers are suffering, with predictions of further falls in domestic tourism and from key markets. What I am wondering is: what targets are there in L&P's business plan for the coming year and what money is it spending out of the £13.1 million to try to reverse this trend in tourism dropping?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): I can get you some of that detail and write to you in detail. In terms of the leisure tourism key performance indicator (KPI), the activity is evolving significantly and it does want to look at a different way of measuring, which I think is mentioned in the Q2 report as well. It is going to use this year as a baseline for the Gross Value Added targets for leisure tourism and it is going to report on results from activity by the end of the full year 2018/19. We can write to you with a bit more detail about that but with its new chief executive and the way it is going, it wanted to look again at the KPIs and the way it did targets.

Caroline Pidgeon MBE AM: OK. Do you know how much money within its budget is going to be spent on tourism and trying to get tourism back up in London?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): I do not have that detail but --

Caroline Pidgeon MBE AM: You can provide that?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): I can get that for you, yes.

Caroline Pidgeon MBE AM: Thank you.

Gareth Bacon AM (Chairman): Thank you. We will move on to the next section.

Susan Hall AM: Lucy again. Why are the revenue budgets for regeneration and economic development going down so much this year?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Again, it is a presentational issue. In terms of the regeneration budget, that is mostly due to movement and reforecasting from the previous year. There is an amount of slippage from the Good Growth Fund of about £400,000, the Growing Places Fund of £900,000, Skills for Londoners of £800,000 and FE Capital of £400,000. I can give this to you in detail. There was a one-off payment for economic fairness of £500,000 and then there have

been various reprofiling across the year. It looks like there is a decrease of £7.3 million but that is due to slippage from the previous financial year and programme reprofiling.

A lot of the work that the regeneration team does is capital-based in nature and the revenue supports that capital spend. The nature of capital spends when we are doing big, complex projects is that some of those do slip over financial years because of planning permissions or just complexities in delivery. The revenue spend follows that on. You can see in the Q2 reports as well what that has been made up of.

David Bellamy (Chief of Staff): It is possibly worth noting, Chairman, that this is why I was so keen to see the regeneration performance stuff go in. We have added regeneration into performance monitoring from Q2 because we are very beholden to the external parties who are doing these regeneration projects, the issues they hit and the timeframes they run to. It is important that we have really good, clear monitoring of that so that we can keep a focus on what is going on and ensure that we get the benefits as quickly as we can.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): We do have very clear monitoring processes in place across the directorate, programme-level controls at assistant director (AD) level, at my [Executive Director] level and at project monitoring level to understand where that expenditure is and when things are going to be met. Over the past year or so we have got much better at working with the groups that we are giving grant funding to, to get them into contract much quicker and understand what the drawdown of their spend is, so that we can profile much better. In some of the previous projects there has been some slippage, but it is much less now for the new funding through the new Growth Deal and the Good Growth Fund. We have got much better at that in terms of working with the groups that we fund to get delivery.

Susan Hall AM: Why is there no specific digital skills programme anymore?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): That programme has been profiled and it is planned to come to an end. As you see in the document, we will need to discuss if we move that forward but that was always meant to be a three-year programme. That was what the plan was for.

Susan Hall AM: Have the Mayor's priorities changed?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): We need to look at that programme, see how it delivers and assess it. It is not that the Mayor's priorities have changed but we need to assess it, see how well it does and decide what the new programme looks like. It is the first time we have done this. We need to assess it and see how well it looks.

Susan Hall AM: If you see that it is done well, will you find funding for that going forward?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): That will be something to discuss in the new budget round.

Len Duvall AM (Deputy Chair): Just a very quick question about transparency of one of the programmes and the economic development. There are sets of targets and measurables for the Good Growth Fund projects on the GLA website, but nothing about the objectives of individual projects. How is the GLA tracking these projects? Again, there is a value for money issue. How can Members of the Committees be involved in this information to hold projects accountable? I was looking at this issue and trying to find out who takes what

decisions. Are they subject to director decisions rather than mayoral director decisions around the Good Growth Fund? What is the transparency about the money and who is doing what?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): In terms of the Good Growth Fund, there is a dual governance process. The Good Growth Fund is money that goes via the London Economic Action Partnership (LEAP). Everything goes to either the overall LEAP Board or the LEAP Investment Committee, depending on the amount of spend. There are then also Mayoral Decision Forms or Director Decision Forms, depending on the amount of spend.

Len Duvall AM (Deputy Chair): I tell you now, there are no Mayoral Direction Forms because I have been looking at various projects.

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): There is a Mayoral Decision Form for the overall programme and then when the rounds are agreed it goes to the LEAP Investment Committee and the LEAP Board. Then the individual projects are signed off by a Director Decision Form.

Len Duvall AM (Deputy Chair): The overall --

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Yes, the overall programme.

Len Duvall AM (Deputy Chair): Right. Do I get access to that LEAP agenda as an Assembly Member? Is that confidential, the investment?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): The LEAP Investment Committee papers are public but some of the appendices are private if there are commercial sensitivities on who we are giving the money to. Most of them are public, yes.

Len Duvall AM (Deputy Chair): OK. Where are you on the assessment of value for money? I know it is a fairly newish programme but are they doing well or are they not performing well? You give a sum of money to someone to deliver for you. Who is doing that work?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): That is done by the Regeneration Team. We have very strong and close monitoring in progress with all the projects that we give money to. There are regular project progress meetings that we hold to check people are meeting their milestones, their outcomes and that delivery is achieved, and a big part of the revenue funding is always to do independent monitoring reviews at the end of the project to check they have met their output and their outcomes and they are giving value for money.

Len Duvall AM (Deputy Chair): Lastly, just a very quick question. I know we are trying to plan for the future with Brexit and I know Government has not shown its hand on those issues, but whatever decision is taken by Her Majesty's Government around that there is going to be a need to support at least small and medium-sized businesses in London. You have taken some steps in the existing budget but there is nothing there helping people with transitional arrangements or supporting those. Should we not be thinking about this budget in that way? Do I ask you or do I ask the Chief of Staff? What is the thinking about this?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Obviously, the LEAP is putting a lot more funding into the Growth Hubs, which is specifically support for small and

medium enterprises (SMEs) across London. We are putting a lot more investment into that and we are looking to improve the model there as well so that we have a lot more face-to-face support. That is obviously one key thing.

Also, as part of the Growth Hub we have set up a portal that provides information to businesses. We have been having discussion with businesses about what they want to see in the light of Brexit and we have put up a portal that gives information and access to support around Brexit and what is happening, which we will continue to update over the coming months. That is what business has asked for, so we are doing that as well. We will look to react as necessary and provide support as we move forward. We have the processes and the programmes in place that we can do that.

Len Duvall AM (Deputy Chair): Thank you.

Gareth Bacon AM (Chairman): Just before we move on to the final section for you, Lucy - you are about to be able to take a breath - I have just been informed that we might have a fire alarm in a moment. If we do we may have to evacuate, which is spectacularly unhelpful timing, but it is what it is. If it happens, just be aware that we may have to go and stand in the cold for a while.

Now to the [Adult] Education Budget. Assembly Member Pidgeon.

Caroline Pidgeon MBE AM: It would be no different from being in here, quite frankly. Budget cuts are hitting here already.

I wanted to ask you, Lucy, about adult education, which is really interesting. It is coming to City Hall. Funding does not come until August 2019 and you do not have that firmed up yet, exactly what it will be, but what are you looking to do with the new budget for adult education that was not happening before?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): We have set an ambition to move towards outcomes-based commissioning rather than simply funding qualification outputs. That is one of the changes we want to make. This is going to help ensure that providers are working with the aim of learners progressing into employment, specifically. That is one area we are looking at. We also have flexibility over how the Adult Education Budget (AEB) is going to be prioritised, commissioned, funded and delivered, meaning that we can use the AEB to support the needs of London specifically. We have a lot more flexibility about that.

We are launching procurement of around £65 million of programmes that are going to be funded by the European Social Fund (ESF). We are using about 10% of the budget to openly procure and we are matching some of that with ESF funding, which means we can provide additional investment for skills and employment support for young people and adults. It will also help us, specifically the ESF element, to allow us to support programmes with various groups who are at risk of becoming not in employment, education or training (NEET), parents, young people with learning difficulties and disabilities, and homeless people with complex needs. That is another change as well.

We have committed to a general principle of provider stability in the first year of delivery. What we do not want to do is cause issues and difficulties with providers so some of those changes are going to come in the future, but immediately we are going to make the AEB more accessible to Londoners by extending funding to a couple of groups. We are going to fully fund those in work and earning less than the London Living Wage and we are also going to provide funding for any 19-plus learner whose first language is British Sign Language

(BSL) to get a first qualification in BSL up to level 2. Those are just some of the changes that we are going to put in.

Caroline Pidgeon MBE AM: It is interesting. In the first year you are planning to keep the providers stable, but I remember going to a briefing and it was quite extraordinary how much money for further and adult education in London was being spent on institutions outside London. Will you be looking to try to make sure that this funding is delivered directly by London providers in our communities?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): There are a lot of providers that we work with. Rather than looking at exactly where those providers are, we want those providers to be the most innovative and provide the best results for Londoners, to provide the skills that Londoners need and the skills that London businesses need.

Caroline Pidgeon MBE AM: OK. You list out lots of details there, but will there be funding for retraining adults? I am very conscious of Brexit for a start, but other things. Adults need to retrain. Will there be funding to support that?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): Funding for adults to retrain?

Caroline Pidgeon MBE AM: Retraining adults. They have had a career in one area - I do not know, financial markets - and suddenly we may be losing jobs and they need to retrain in something else. Will there be funding for that as part of this budget?

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): At the moment we are focusing on those areas that I set out. Some of those priorities are around NEET, parents, young people and so on. I can get back to you in more detail.

Caroline Pidgeon MBE AM: Younger people rather than --

Lucy Owen (Interim Executive Director of Development, Enterprise and Environment): No, it is any age. It is any age. I will not go into all the details of it. There are different eligibility criteria, but it is any age. It is 19-plus.

Caroline Pidgeon MBE AM: All right, thank you. I look forward to more detail on that in due course.

Gareth Bacon AM (Chairman): Assembly Members, before we move on to the next session, two announcements. Firstly, fabulously, the fire alarm will not be happening so instead of staying in the cold outside we can stay in the cold in here, which is excellent. Secondly, we have just been joined by staff and pupils of River House Montessori School from Tower Hamlets. Welcome to all of you. Welcome to City Hall. I hope you enjoy it. I am sure you will find it fascinating.

Leonie Cooper AM: I think, Chairman, we should ask if this is some kind of punishment for them to come and attend budget meetings.

Gareth Bacon AM (Chairman): We are talking about money. It is very, very exciting.

We are going to move on to talk about the mayoral development corporations (MDCs) and Assembly Member Pidgeon is leading on this as well.

Caroline Pidgeon MBE AM: Lovely, thank you. I will start off with questions on the Old Oak and Park Royal Development Corporation (OPDC). Maybe Mary [Harpley] or David. We had this big bid in for the Housing Infrastructure Fund (HIF) and that basically is what you were pinning your hopes on to really kickstart the work at OPDC. It was not mentioned in the Chancellor's budget statement in October [2018], even though you had hoped it would be. Can you perhaps give us some information now on what impact this will have on the work at OPDC?

David Bellamy (Chief of Staff): Absolutely. The story about that is obviously the Government announcing the Budget. It had supported TfL's HIF bid for Docklands Light Railway and the 18,000 extra homes that will unlock. That was really welcome and positive. The Mayor is very pleased about that. The story with the OPDC HIF bid is simply that it is a much more detailed bid and it is taking the Government, in the processes it is going through, longer to get through it. I got an update last night from the OPDC Chief Executive. I know that process is still running. I know there was a positive Government meeting yesterday. It is taking longer but we are still hopeful for a positive outcome there.

Caroline Pidgeon MBE AM: Right, so it is just that it is so complex they could not do it within the timescale but you are hopefully money will come forward shortly.

David Bellamy (Chief of Staff): Yes, absolutely. It is worth saying that one of the things about this Government compared to the previous one a couple of years ago is that it does not have quite the same focus on everything having to be announced in a fiscal set-piece event. It can be done separately. I know the Mayor has discussed this topic directly with the Chancellor.

Caroline Pidgeon MBE AM: OK, but if the funding did not come through or you did not get all of the funding, I think last year we were told that contingency from the GLA would be available if the bid was not successful. What is your back-up plan? How much money do you have set aside if you do not get all or any of the money?

David Bellamy (Chief of Staff): Firstly, we are absolutely not complacent about this bid at all. I know OPDC officers have given some thought to alternative avenues they could pursue. While the HIF bid itself does require some cash flow support from the GLA in future years, which is in our medium-term planning, we are not saying that we are in a position to in some way replace the HIF bid or deal with that.

Caroline Pidgeon MBE AM: You cannot replace it? You are saying you are not in a position to?

David Bellamy (Chief of Staff): No, because if the Mayor was able to do it the Government would say to the Mayor, "You go and do it then". That is obviously part of the reason for bidding to Government for this. The OPDC does have some other thoughts and ideas, but based on the feedback to date in the process with Government it is concluded that it has been a better use of our time to look at the next steps on the basis of the HIF bid being approved rather than trying to look at the contingencies if it is not, just based on the positive reaction that the bid is getting, albeit it takes a while because it is such a detailed piece of work.

Caroline Pidgeon MBE AM: When do you expect us to hear about that?

David Bellamy (Chief of Staff): That is in the hands of the Government. I am sighted on the date of the next step, which is one more internal hoop before it goes up to Ministers. What I am not sighted on is how quickly the ministerial decision-making process will happen and then whether the Government, after doing that, will look to announce promptly or whether it will have reasons - perhaps because it has a few other bids

running and it wants to announce them as a collective - to hold back from communicating the decision. That is very much a matter for Ministers.

Caroline Pidgeon MBE AM: OK. So we are not clear on that. You were just saying that you are hearing positive noises, so you are hopeful you are going to get that money. If you do not secure that money or do not secure all of it, how does that set back the project?

David Bellamy (Chief of Staff): It is definitely going to be a challenge; there is no getting away from that. As I say, with reason we are taking an optimistic view to the outcome of the bid and focusing our efforts there. The Mayor has always been clear that the Memorandum of Understanding we inherited was a good basis in terms of the Network Rail land, but the problem was that there was not the funding available that there was with other development schemes. This obviously is a way to remedy that.

There is no getting away from the fact that it is going to be challenging. We will have to look at the private sector landowners, working more closely with them and potentially bringing the scheme forward in a slower way or a different way. It is not as ideal as what we could do with HIF funding.

Caroline Pidgeon MBE AM: Let us look at the London Legacy Development Corporation (LLDC), something that we have spent a lot of focus on in the different Committees over this last year. We were told by the former Chief Executive that he was confident the LLDC had made an improvement in London Stadium's finances, but we have examined closely the state of E20 forecasting and I think it is £15.1 million it is forecasting in losses this year. It clearly does not have a grip on how big the loss is every West Ham match day. The GLA is going to be providing £8.8 million more direct grant funding compared to next year. Is this what is needed to put it on a secure financial footing and are we any closer to this long-term goal that the LLDC will not be needed?

David Bellamy (Chief of Staff): Let us deal with the last point first. The LLDC is explicitly, as a development corporation, a time-bound organisation. The Mayor is clear on that. The LLDC itself is clear about that. That is not a subject of controversy at all. The question is, as the LLDC moves towards completing its mission in terms of the regeneration of the area, how you move from the governance and structure we have today to whatever will come next. I know that the LLDC has started thinking about that. There are some initial ideas going to be discussed with its Board this month. It is going to be a while before we get into all the detail of that, but absolutely the thinking is starting about that.

Caroline Pidgeon MBE AM: In what sort of timescale are we thinking that the LLDC would be no more? Five years, ten years?

David Bellamy (Chief of Staff): I guess the first question is: is it going to be like one day the LLDC is there and the next day it is not? As I say, the work is still being done. At the moment, my expectation is not so much that but more that it will be a case of saying, "Right, this aspect of our work is done". The LLDC will perhaps, over time, gradually become a smaller organisation, and where some things will necessarily run into the long term we will need to think about where that sits. Does some of that responsibility come back to the GLA? Does a shell LLDC exist and do that? Is there some other organisation that picks it up? That is the thinking that has to be done.

The Mayor, I think, has previously answered questions from the Assembly on this and said that he has an expectation of around about 2024. That is something for the LLDC to focus on at the moment as it delivers its thinking. What is really important, obviously, is a very well thought-through plan that gets us from where we

are to ensure that the success - and I do think it has been a success in terms of the regeneration of that area - is sustained into the long-term.

Caroline Pidgeon MBE AM: On the issue about the stadium, E20 and the huge losses?

David Bellamy (Chief of Staff): Work is going on in terms of the stadium. There are two things there: there is the progress that is being played out in the public domain and there are other things that are still necessarily going on in private. I do not doubt that you will be talking to [Sir] Peter [Hendy CBE] Chairman, LLDC] and Lyn [Garner, Chief Executive Officer, LLDC] about that in more detail in a few weeks. The stadium is loss-making, it remains loss-making and that does require the provision of working capital through the LLDC to E20 to deal with that. That is what you see in the overall capital picture and how we are handling that.

Caroline Pidgeon MBE AM: The financial report for Q2 states that LLDC loan funding is forecasting an overspend of £13.9 million against budget because of slippage from works relating to East Bank and park-wide infrastructure. Can you give us some more information on that?

Martin Clarke (Executive Director of Resources): This is money it did not borrow in 2017/18 due to the works slipping into 2018/19.

Caroline Pidgeon MBE AM: It is not an overspend, it is just a slip in date?

Martin Clarke (Executive Director of Resources): It is not overspend; it is timing changes.

Caroline Pidgeon MBE AM: OK. That is fine. Last year we were told that money will only be lent to the LLDC in good faith on the basis that it will be able to repay it once it has a capital surplus in a financial year. Does that position remain and does your good faith in the LLDC remain unchanged?

Martin Clarke (Executive Director of Resources): I do not really recognise the words "good faith". There is a double lock in that the LLDC can only borrow if it believes it can repay it. That is its decision. We are only going to lend the money if we think that it is going to repay. At present, we have a long-term model for the LLDC and that long-term model shows surpluses when you get into the 2030s. That reflects the length of time that it is going to do all its development. The judgment that has to be made is: what could impact on those forecast surpluses? You obviously have to take long-term forecasts on house prices and tender prices and that makes you want to be cautious to have a sufficient margin. In a way we reset that long-term plan formally each year but it is something we keep under constant review. I have monthly meetings with the finance team there and this is a standard item on there.

At the moment, both organisations through their chief finance officers have statutory responsibilities to ensure that the borrowing is prudent, is affordable and is sustainable. That is one of the reasons last year we imposed a cap on what we think is the maximum. We will review it again in light of their formal plans, which we will see at the end of the month. That is why the GLA's own budget has ongoing money to directly grant aid. We are not going to lend them money that they cannot repay.

Caroline Pidgeon MBE AM: In terms of the LLDC being more efficient, obviously there are lots of different aspects to its work but maintaining the grounds and stuff out at the Olympic Park is huge. You also have the Lee Valley Regional Park Authority, which is another huge bit of the Park, and they do not seem to easily work together, share contracts and things. Is that something you would consider pushing the LLDC on, to be more efficient in terms of some of those contracts to try to reduce the cost to the public?

David Bellamy (Chief of Staff): If you look at the contract LLDC has in terms of maintaining the Park, it has generated efficiencies on that contract year-on-year through a close focus on that. If we were to compare costs between the LLDC and Lee Valley Regional Park, then obviously we need to be sure we are comparing like with like. I am not, to be honest, closely sighted on the relationship between the LLDC and Lee Valley. I do not know, Martin, whether you have any particular sight. That is principally a question for Lyn [Garner, Chief Executive Officer, LLDC].

Martin Clarke (Executive Director of Resources): I do not have any further information on that.

Caroline Pidgeon MBE AM: OK. We will pick that up with Lyn then in terms of looking at different areas where it could make some efficiencies. In terms of the stadium, obviously there was the out-of-court settlement yesterday with West Ham and E20. That presumably will bring more finances in. Are you happy with that? Do you think that the stadium is now on a good footing or do you think, as some say, that you should just sell London Stadium and cut your losses?

David Bellamy (Chief of Staff): In terms of the settlement, as Mary [Harpley] has already said, we want everybody who uses the stadium to be successful. If more people are able to go and watch West Ham matches, that is a good thing. West Ham fans present may sometimes query that but let us be optimistic.

Leonie Cooper AM: Let us not be overoptimistic, though!

David Bellamy (Chief of Staff): What is obviously important for us is firstly that where we are incurring additional costs those costs are met, whether it is by West Ham or anybody else, and secondly that we try to generate more income and take all the other steps that are needed to reduce the deficit that the stadium runs at. What the agreement between West Ham and E20 does is ensure that West Ham has the option of increasing capacity, and if it takes that it bears the costs of doing so. There is an opportunity for E20 to make some money from that. Clearly, that is not in any way going to be very significant against the size of losses the stadium is making, but it is important to get that sorted. It is good news for West Ham, it is good news for us and it is another sign of trying to change and move the stadium forward.

You asked about sale?

Caroline Pidgeon MBE AM: I was saying some people say that maybe you should just sell the stadium and get rid of this ongoing loss.

David Bellamy (Chief of Staff): As we have discussed in the past, the Mayor took a decision that the ownership of the stadium was split between him and the London Borough of Newham and that was not a sustainable solution in order to address the problems the stadium had. That led to his decision to take control of the stadium. The reality is that the stadium is loss-making. The accounts will show there are onerous contracts in place in terms of both West Ham United and in terms of UK Athletics. The question in that sense is: who would want to take it on?

The Mayor has been very clear about his purpose for the stadium. It is a great asset for London. Although the stadium may lose money, London undeniably gains when we are able to have these other events there, whether it is the World Athletics or baseball next summer. I saw the adverts for that coming through London Bridge station this morning. It is definitely an asset for London and a boost to the wider London economy, which is very welcome. Obviously, that benefit is not captured in the LLDC or GLA accounts, but it is a benefit to London. Hypothetically, were somebody to come forward and make a proposition then obviously that

always would get considered but it seems unlikely that somebody is going to want to take on a loss-making business given the length of the contracts that are in place.

Caroline Pidgeon MBE AM: No. I just wanted to ask it because it is an issue that is raised a lot and I thought it was useful to put that on record. Thank you.

Gareth Bacon AM (Chairman): Just a couple of things on that. Baroness [Karren] Brady CBE [Vice-Chairman, West Ham United Football Club], when she appeared in front of the Budget Monitoring Sub-Committee a few weeks ago, made very positive noises in terms of saying that the relationship between West Ham and the LLDC was starting to improve. She credited a lot of that to the new Chief Executive of the LLDC. Of course, yesterday's announcement was a major step in the right direction in terms of rebuilding the relationship between West Ham and the LLDC. It is moving in the right direction. We will, as you said, have lots of questions to Lyn [Garner, Chief Executive Officer, LLDC] when she does appear in front of us because clearly it is a concern to Members and I am sure it is a concern to the Mayor as well.

I want to ask you a direct question on the baseball. It is a very exciting development. I will absolutely be one of those people in the queue looking to get tickets to go and see one of those two games. How much are they going to cost to stage?

David Bellamy (Chief of Staff): They should be broadly cost-neutral. I do not have the precise report in front of me. Obviously, Major League Baseball (MLB) is paying for the hire of the stadium and it will carry a lot of the fit-out costs in terms of getting it ready for its event.

Gareth Bacon AM (Chairman): I will get straight to why I am asking the question because I am conscious of time and I am not trying to trick you. My understanding is that to host baseball there we will have to move the seats in the same way that we had to move the seats for the World Athletics Championships, and one of the big savings that the LLDC has made is not having to do that this year. If we have to do it again this time, it is going to cost at least an additional £4 million, is it not?

David Bellamy (Chief of Staff): No. When you look at the stadium, for those who are not familiar, if you think about where the football managers and substitutes sit, that is the main stand, the west stand. That is where the home straight is in the athletics. This summer, we moved the north stand and the south stand, the ones on the bends and behind the two goals. We did not move the east stand or the main west stand; we just took a few rows off the front. That was fine for athletics. It would not work for blue ribbon athletics but if any of you went to the athletics you will have seen that that worked.

The difference for baseball is that you need to change the configuration of the main west stand and so there is an additional cost to do that which is reflected in the commercial deal agreed with MLB. You do not need to move the east stand. Where on the west side you have hospitality boxes, on the east stand you have extra seats which are on their own scaffold and we do not have to move that east stand for baseball. Some of the reporting has been inaccurate about that.

Gareth Bacon AM (Chairman): You are offering an assurance that it will be cost-neutral? MLB will pick up the cost of moving the seats or the cost of making it look like a major league baseball stadium?

David Bellamy (Chief of Staff): There is a fee for use of the stadium that MLB is paying. Obviously, there are things about the sale of beverages, merchandise and all that sort of stuff. It is a two-year deal. I do not have the figures in front of me so I am being a bit cautious but it is broadly cost-neutral.

Gareth Bacon AM (Chairman): OK. I think we will pick that up as well. The theory is, David, that obviously the World Athletics Championships lasted a week, I think, and we had to have the major realignment of the stadium. That lost loads and loads of money despite being sold out every day. This would be two days and the fear was that it would have to have the same kind of realignment of the stadium, and there was no way unless you charged sky-high ticket prices.

David Bellamy (Chief of Staff): No. To be clear, we are not moving the east stand, which is the really big and expensive one.

Gareth Bacon AM (Chairman): OK. I think we will write and ask for the breakdown of that because if it is cost-neutral then it is going to be terrific for London.

David Bellamy (Chief of Staff): Yes. Maybe that is something we could give advance notice of to Lyn [Garner, Chief Executive, LLDC] because we are straying now from the GLA budget into the LLDC one.

Gareth Bacon AM (Chairman): Yes, we are slightly doing that. We will move on now. The next series of questions is going to be about housing and Assembly Member Berry is leading on that.

Sian Berry AM: Thank you very much. These are questions to David [Lunts], by and large. Obviously, you have the bulk of the money that we spend in the GLA budget, loads. Can I ask how you are getting on with your £4.82 billion and how well you are allocating that? I notice the overall budget for housing and land does dip back a bit in 2020/21. Can you explain why that is and how you are going to get on with spending the rest of it in the time you have?

David Lunts (Executive Director of Housing and Land): Thank you very much. Yes, it is a sizeable budget and over the last year of course it has expanded fairly considerably with additional affordable housing grants and other programmes that we might want to come to. Because it is both a large budget over a number of years, and because clearly there are very large and ambitious affordable housing targets associated with that budget, which come with tremendous potential but also many challenges, we were very keen indeed to try to streamline our grant award systems to incentivise providers to stretch their own ambitions.

That has meant that we have moved to a system of standard tariff grants and wherever possible we have encouraged larger providers to become strategic providers, which means that in return for more ambitious targets for their delivery we are inclined to give them more flexibility about when they claim their grant. We are effectively forward-funding more of the programme in return for providers negotiating stretch targets with us.

What that means in hard numbers is that we have now allocated approximately £4 billion out of the £4.82 billion core affordable housing grant. About £4 billion is now allocated in the programme and that £4 billion, largely for the reasons I have just described, is associated with about 95,000 starts. Our starts target for 2022, as you will know, is 116,000. We currently have allocations for about 95,000 and I am confident that this side of Christmas we will be making further allocations to take that 95,000 further. At this point, in what is a large, long-term and very ambitious programme, we are in a good place in terms of where those allocations lie. There is an awful lot of work to do to land those numbers but at this stage the pipeline looks quite encouraging.

Sian Berry AM: You are aiming to deliver all the target by the end of 2021/22?

David Lunts (Executive Director of Housing and Land): Yes.

Sian Berry AM: Not 2022/23, which is where there is quite a lot of money still in there. You are going to allocate it by 2021/22 and they will start, but then you will still be spending money on them in 2022/23?

David Lunts (Executive Director of Housing and Land): Yes.

Sian Berry AM: How does that work, if they have started and you have not given them the money yet? Are you giving it on completion?

David Lunts (Executive Director of Housing and Land): The 116,000 starts target is 31 March 2022. That is the date when we will or will not have met our target. However, the money associated with that spreads beyond that because we often pay completion tranches. For units that are completing towards the very end of that programme, we may well be paying grant out for the following year.

Sian Berry AM: When do you expect it all to be spent?

David Lunts (Executive Director of Housing and Land): Pretty soon into 2022/23.

Sian Berry AM: OK. Fair enough. Then the dip in capital spending in 2020/21, that is the end of legacy programmes while you are ramping up the new programme, is that right?

David Lunts (Executive Director of Housing and Land): Yes, and of course because, as I say, we are trying to encourage providers to get on with things and take their money early in return for increasing their level of delivery, we are looking to get more of that money out of the door as soon as we can in the programme. There will be a dip towards the end as legacy programmes come to an end and that money is awarded. Hopefully that dip should be an encouraging sign that we are closer to delivering our 2022 target.

Sian Berry AM: OK. One of those things is the London Housing Bank. We have been asking about that previously. That just stops this year.

David Lunts (Executive Director of Housing and Land): It does.

Sian Berry AM: Can you explain what happened with that money? We were assigned more than is in these budgets.

David Lunts (Executive Director of Housing and Land): We were. We were actually assigned up to £200 million for the London Housing Bank, as you may remember. This was money that the Ministry of Housing, Communities and Local Government (MHCLG) - or whatever it used to be called, the Department for Communities and Local Government (DCLG) I think it was at the time - said could be available for the GLA as a loan fund to housing providers. This was effectively a loan from Government that we would need to repay. It was not grant funding and it was not money that we were going to be allowed to keep.

The terms for the programme were really quite constricted. The money had to be returned within seven years, it was only available for a temporary intermediate rent type of product, and it proved less than popular, I think it is fair to say, in the marketplace. A lot of providers said, "Well, it is all very interesting, but seven years does not really work for us". A lot of providers said, "We can get access to cheap money so the terms for this loan are not as attractive as we hoped they might be". We spent quite a long time talking to Government about whether we could make the loan fund more flexible or recycle some of the funding. I am afraid those

negotiations really came to nothing, so we decided to end the programme, but we did, as you can see, make a number of investments.

Sian Berry AM: Yes. I think you also asked the Government if you might use the money for something else.

David Lunts (Executive Director of Housing and Land): We did.

Sian Berry AM: Did it just say no to that?

David Lunts (Executive Director of Housing and Land): It declined our suggestion.

Sian Berry AM: OK. Fair enough. The other thing is the Housing Zones. The last loans go out in the year to come, the one we are planning for, and then you have one more year of giving out some grants. I think you were reviewing that programme and you were potentially going to withdraw some of the funding if it was not working. You are spending everything you planned on that still?

David Lunts (Executive Director of Housing and Land): Yes, we are confident that the Housing Zones programme will deliver its targets in terms of spend and in terms of outputs. We did do a review of all the Housing Zones last year. We were particularly keen to increase the levels of affordable housing in as many of the zones as possible. That went quite well. We were also keen to squeeze out those that were slipping and were unlikely to deliver to target. A number had their provisional allocations withdrawn. We gave them a deadline. Some of those are re-bidding for other programmes but what you now have in the Housing Zone programme, both in terms of loans and grants, are what we believe to be projects that are deliverable within the timeframe that we gave. As you know, it was a time-limited programme, which is why there is a cut-off in a year or two's time.

Sian Berry AM: Will you be publishing the results of your review and the financial consequences of that for each of the zones?

David Lunts (Executive Director of Housing and Land): I am not sure that we have a formal plan to publish --

Sian Berry AM: It is really hard to get any information about the Housing Zones.

David Lunts (Executive Director of Housing and Land): We would be very happy to share the information from that review with Assembly Members.

Sian Berry AM: It would be useful to know because also there is learning there and publishing it might help other people.

David Lunts (Executive Director of Housing and Land): Yes. I am happy to do that.

Sian Berry AM: Thank you very much. The other thing is the council homes scheme, which I think is called Building Council Homes. At the moment that is a new programme the Mayor has announced. In the quarterly reports there is no profile of that yet, of how you are going to spend it. You just have a target. When will you update us on that and have you managed to allocate any money?

David Lunts (Executive Director of Housing and Land): It is a fair point. We did not announce the allocations until the end of Q2, so we have not been able to do a profile because the timing just does not

work, but what we will have, I hope, is at least a provisional profile for Q3. We are working on that at the moment. That should be with you - let me get my timing right – February [2019], early new year.

Sian Berry AM: OK. Thank you. I want to ask a bit more about the details of how you are going to accelerate delivery because it is not clear from the revenue budget where these people are going to sit. I am going to ask you about that now. You have 30 new staff needed to deliver the increased and challenging housing and land development targets. That is what is in the budget document here. What are those 30 people going to do? What are they going to focus on? Will we get a breakdown later on of what the plans are for them to work on?

David Lunts (Executive Director of Housing and Land): Yes, you will, and obviously there will be a detailed report coming to the [GLA] Oversight Committee that will set all of that out. Roughly speaking, the new posts will fall into three or four categories.

Category one is going to be front-line area operation staff. We have three area operations and investment teams covering the city. We want to enhance those with some additional capacity in order to identify additional sites and work more intensely with partners to land these quite challenging numbers. That is where one chunk of the new resource is suggested to be.

Another one is around the specialist land and development professional support that we need. Because we are moving into more complicated land base strategies and programmes, we need some additional resource there and capability for in-house professional property advice. That is the second.

The third area where we are looking to enhance capability is a bit of extra help with contracts and transactions because again a lot of our work now is tied up with quite complicated loans and recoverable investments of one sort or another. It is a lot more complicated than it used to be, so we want a bit of extra capacity there.

Then there is also a proposal that will be coming to [the GLA] Oversight [Committee] to look at recruiting some entry-level posts, not apprentices, although we will continue to support the GLA's apprenticeship programme. It is what in some quarters is sometimes called a graduate scheme. It is really important for the GLA to demonstrate that we are an interesting, exciting place to work and that we can take people on towards the beginning of their career, bright people who we can then grow and hopefully retain. That is going to be another area. We think there is some interesting and some quite exciting potential. These are not simply people who do not know what they are doing; these are people who can really contribute to the effort that we need to make.

Sian Berry AM: OK. Thank you. Just on staff capacity, you are aiming to get 66,000 homes delivered every single year in total, not just affordable homes. You have identified that this year you are slightly struggling to support that in terms of housing support and getting things delivered. You are struggling this year and therefore you are increasing the numbers, is that correct, in terms of basic staff?

David Lunts (Executive Director of Housing and Land): I would not say we are struggling. That sounds a bit negative. Everyone is working flat out. There is no doubt about that.

Sian Berry AM: That is what I mean.

David Lunts (Executive Director of Housing and Land): We are working flat out. To be frank, given the stretch that we have over the next few years, that is not sustainable. To put it into context, as I think the Chief of Staff mentioned at the beginning, our overall budget over the next three to four years has increased in just

12 months from around £4 billion to somewhere between £7 billion and £8 billion. That is what we are anticipating now. It is not far short of doubling.

To give you another piece of context, it is interesting that Homes England, the Government's housing delivery agency, which is doing very similar work to us with very similar targets, currently has 750 staff. In the next 18 months, if you read its corporate plan, it is looking to double that to 1,500. If you look at that in more detail on a like-for-like basis, add in some of the things we do that it does not do - like rough sleeping services, for instance - and take out some of the things it does that we do not do, it looks very much as though, if these growth proposals are approved, we will have of something less than 200 people compared to nearly 1,000 people at Homes England. It is interesting that that is the scale of growth ambition for the agency delivering affordable housing outside of London. As I say, its targets are broadly the same as ours.

Sian Berry AM: You have outlined what the staff will be doing there, and it is bread and butter housing delivery things. There are a number of more niche and interesting projects in the capital budget lines such as community-led housing, which in the capital budget line goes from £1.6 million up to £17.2 million next year, £10.3 million the following year and then down to £4 million. What is that? Where is that money coming from and what is it going on? It seems separate from the land fund, for example.

David Lunts (Executive Director of Housing and Land): Two things on that. One is that we have our own community housing programme and we are expecting to see that ramp up as allocations are made. In addition, we are in a very --

Sian Berry AM: Are those the Innovation Fund kinds of grants you are talking about?

David Lunts (Executive Director of Housing and Land): Yes.

Sian Berry AM: That is going into community-led housing through that budget line?

David Lunts (Executive Director of Housing and Land): Some of it certainly is. In addition, we are, I hope, very much in the final stages of negotiating London's share of the Government's Community Housing Fund, which will probably mean somewhere between £30 million and £40 million coming to London of new money.

Sian Berry AM: On top of the £17.1 million?

David Lunts (Executive Director of Housing and Land): That is probably in those numbers somewhere.

Sian Berry AM: Can we get some clarification on that?

David Lunts (Executive Director of Housing and Land): I will double-check for you.

Sian Berry AM: Yes. If that is the expected amount from the Government, it would be interesting to know where the rest of that is going because that does not add up to £30 million or £40 million.

David Lunts (Executive Director of Housing and Land): I can give you a breakdown of where existing money and potential new money is going to sit in the budget.

Sian Berry AM: OK. Those are not staff to encourage more independent community-led housing. None of the staff you are getting in are going to be working on the revenue side of community-led housing, like promoting it?

David Lunts (Executive Director of Housing and Land): Yes, they will be. This is an important programme within our overall numbers and so my front-line area staff and programme staff are certainly working on community-led housing schemes. We have a dedicated officer who is looking after the Community Housing Hub, which, as you know, is the pan-London resource to try to help some of the front-end challenges that community organisations have to get to viable schemes. It is quite an active programme within the team.

Sian Berry AM: Yes, it seems to be. The other thing I wanted to ask about was the small sites programme. That is a three-year programme over the current year, next year and the year after, with quite a lot of money going in. Next year it is £4.7 billion. Can you tell us about that and how many homes you expect to get out of it?

David Lunts (Executive Director of Housing and Land): As you say, it is a four-year programme through to 2021 and the budget allocation against that is just shy of £15 million. It started very much as a pilot programme because we were keen to see how things would run. We set it up initially with TfL with a fairly limited initial run to see how things would go because, as colleagues will be aware, there has been a colossal decline in the SME housebuilding sector, and so we were keen to see whether there would really be interest in a small sites pilot.

It went very well. Frankly, we had stronger interest in the initial programme than most of us were expecting. We had over 130 bids from 80 different organisations right across the SME sector. This was for the TfL sites. TfL was estimating just over 100 units in that initial pilot and we are going to deliver 166, 60% of which will be affordable.

That has now led us into a second wave of sites with boroughs. We have five boroughs looking at 38 small sites. In addition, TfL is now identifying a further ten sites.

Sian Berry AM: That is 38 sites from the boroughs?

David Lunts (Executive Director of Housing and Land): Yes.

Sian Berry AM: OK. That is really useful. The boroughs have very challenging targets on small-site home delivery, do they not?

David Lunts (Executive Director of Housing and Land): Yes, very much.

Sian Berry AM: This is going to have to increase in future? The idea that you would be spending nothing on it in future years will have to be revised, I guess, at some point?

David Lunts (Executive Director of Housing and Land): The reason there is nothing in the budget shown is because it is a four-year fixed-term project. It is a fixed-term programme. However, as I say, because we have not done anything like this before, if it proves to be successful, it may well be that we identify further capital rolling forward to extend it. I would not take the zero to mean that it will necessarily remain zero if it is a successful programme.

Sian Berry AM: I am glad to hear it. My final question is about the land fund. There are two lines in the capital budget about Land funds. One is “New land fund MHCLG” and the other one is “Land fund”.

Can you explain why those two things are separate? Again, there is an awful lot of money there.

David Lunts (Executive Director of Housing and Land): Yes. The Land Fund, as opposed to the MHCLG Land Fund, is the £250 million that we identified earlier in the year as a fund that we would look to acquire sites and possibly do joint ventures with, but it was very much around unlocking land to get housing built with the idea that that would, as far as possible, be a recycling fund as well. That is where the £250 million comes from. That is, if you like, GLA resources.

In addition, though, we have been negotiating with the MHCLG around a number of funds that it has. One is an accelerated construction fund. One is a small builders fund. One is a small sites fund. There is a range of these fairly small programmes. What we are, hopefully, concluding with MHCLG is that we can effectively wrap those small programmes together in a new MHCLG-funded land fund. That is what sits behind that budget line. That will be additional funding that we can apply to very similar sorts of projects to the existing Land Fund. It effectively extends that land fund by another £486 million or so.

Sian Berry AM: It looks like it. Can we see or will you publish any details of any restrictions there might be on the MHCLG? They are listed separately and so it seems to me like there are different conditions on spending that money.

David Lunts (Executive Director of Housing and Land): Yes, we are, as I say, in the final stages, I hope, of negotiating the arrangements. That will be subject to a memorandum of understanding between the GLA and the MHCLG, and so the terms of the funding will be very clear. In addition, subject to a Mayoral Decision (MD), there will be formal approvals for projects that are drawn down against that fund.

Sian Berry AM: Yes. When will we get that memorandum of understanding?

David Lunts (Executive Director of Housing and Land): There is an MD being drafted as we speak and so it should be in the system in the next few days, I hope.

Sian Berry AM: Thank you. That is great to hear.

The final thing is about the St Ann’s [Hospital] purchase, which is the first big one that is coming out of the Land Fund. It is quite big. I think about £40 million is the deal that you struck for the hospital site there.

Can you tell us how that is coming along? Does that represent the spending that happened in 2018/19, basically?

David Lunts (Executive Director of Housing and Land): Yes, that is right.

Sian Berry AM: Is that done? Is that through?

David Lunts (Executive Director of Housing and Land): Yes, very much so. We have spent a considerable time talking to Haringey Council and also the St Ann’s Redevelopment Trust (StART), which is the community organisation that has come together with a very keen interest in seeing a strong element of community-based housing at the St Ann’s [Hospital] site. We have, again, a memorandum of understanding with StART, which is great, and we are working very closely with them.

We will this week start the formal premarket consultation to try to warm people up to think about coming and helping us to develop that site. Early in the new year that will become a formal expression of interest and sifting briefs so it is the beginning of the procurement process properly and we hope to have a preferred partner appointed. It will probably be the middle of next year by the time we get through the process. That will almost certainly be a partner that comes through the new London Development Panel framework, but the brief to them will be to work with us and the borough and very closely with StART as well.

Sian Berry AM: There will be some strong bottom lines relating to affordable housing and community-led housing in the tender documents?

David Lunts (Executive Director of Housing and Land): Yes, exactly. It will have at least 50% affordable housing and we would hope to see more.

Sian Berry AM: OK. I will continue to ask you questions about that. None of that money is in the “community-led housing” budget line here? It is not split between those or anything like that?

David Lunts (Executive Director of Housing and Land): No.

Sian Berry AM: OK. That is all.

Gareth Bacon AM (Chairman): Thank you. I have Assembly Member Duvall and then we will move on.

Len Duvall AM (Deputy Chair): Thank you very much. That was very interesting about your benchmarking with the national organisation compared to the numbers that you have.

In a similar vein - and I have asked you this question before - are we any closer to some of your projects where we can identify that they are value for money and that they are not just delivering the housing units but that this is actually a good deal and everything else that goes along with it? Where are we on that basis?

David Lunts (Executive Director of Housing and Land): Yes, I think it is very good value for money. It is quite interesting if you look at it. It sounds like a lot of money. It is the thick end of £5 billion and so, clearly, it is a very large sum of money. However, if you look at what is being delivered for that - 116,000 housing starts - it is really very good value for money indeed. It is very good value for money when you look at it against what are now the national grant benchmarks.

Just to illustrate that point, ten years ago or so when I started doing this job in a previous incarnation, grant rates in London were typically about 50% to 60% of scheme costs. Therefore, at least half of the money to build an affordable unit was paid for out of grant. Today, somewhere between 10% and 15% is a typical level. It is really quite a modest proportion of the overall cost of building housing in London. That is because of two things: build cost inflation has skyrocketed and also the underlying value of housing has skyrocketed as well, which means that land transactions are very expensive. The subsidy level required to build affordable housing is very considerable indeed.

That is why, for a relatively modest proportion of grant, we need providers - housing associations in the main - to really work very hard to develop other forms of housing to provide the cross-subsidy necessary. Typically, on a scheme now, the cross-subsidy that a housing association provides from selling housing and exposing itself to market risk is three or four times the value of our grant.

Len Duvall AM (Deputy Chair): It is an interesting point you make, but some of that subsidy is cross-subsidy because you also give money to the housing associations. We are not only sometimes using our own money and our own land on some schemes; we are also using some of the public money we have allocated to them and adding to it.

That is why I say that overall it is quite an interesting assertion you make and I would probably agree with you, but when we come down to individual sites and the issue of moving around what is value for money, yes, individual sites have different challenges to them and there must be a better way to assess whether they are providing good value for money in terms of signing up for the provision of affordable homes or what the Mayor desires or what the objectives are.

Maybe we should return to this as a Budget and Performance Committee because we have talked about it for many years. I am quite interested. That is the best answer you have given me, David, over many years.

David Lunts (Executive Director of Housing and Land): I have made an improvement? Thank you very much.

Len Duvall AM (Deputy Chair): It is an improvement, but we just need to flesh out something a little bit more. Dare I say it: why should the GLA not open itself up to some independent study about some of what we are doing, to be honest? Let us return to it.

Gareth Bacon AM (Chairman): It may be something for the work programme going forward. All right.

We are going to move on to the final section and Emma [Strain] and Sarah [Mulley], who have sat extraordinarily patiently for an extraordinarily long time. Now is your moment. First up is Assembly Member Desai.

Unmesh Desai AM: Thank you, Chairman. The Mayor talks about making London one of the healthiest cities in the world. There is also, quite rightly, an emphasis on developing a public health approach to violent crime and an emphasis on early intervention - the main news item on the news today was about knife crime - with the Violence Reduction Unit.

Given all of these very laudable aims, why then does the planned budget for health, education and youth fall so drastically by something like around £15 million in 2021/22? Does that send out contradictory messages? How confident are you that this level of budget is sufficient to deliver on the Mayor's Health and Education Strategies? How are programmes like the Young Londoners Fund going to be affected? It has had a lot of positive publicity.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): Thank you. The Young Londoners Fund is the main factor in answering your question about why the budget appears to drop off and so this is similar to some of the other points we have discussed. When the Young Londoners Fund was put into the budget, it was put in as £15 million over three financial years and then it drops out of the budget as currently set out, which is why you see that big drop-off. We are going to be profiling the Young Londoners Fund in Q3 in order to give a more accurate picture of how that spend will play out and it will be spending out until the end of 2022, and so you will see those numbers shift when we do that profiling in Q3. That programme is being evaluated. We will be looking at the outcomes of that work.

However, you are right that it has been a really well received programme. We have had huge amounts of interest from community groups, from boroughs and from other partners. We had 450 applications to round

one of the Fund. We had young people taking part in the scoring process, which was really interesting and really important.

We have now made a number of grants in the first round. I am just going to get the numbers right here. We have made 33 small grant projects totalling £2.4 million, 66 medium grants totalling £9.4 million, and four large grants totalling £3.8 million. That first round is due to start delivery in January [2019] but, as I say, the profiling of that spend will be set out in Q3 and you will see that it will be profiled through to 2022, which is when the projects will finish delivery.

To your question about the overall priority, you are quite correct that this is a high priority. We have recently published the Health Inequalities Strategy. Once we take account of the Young Londoners Fund, the underlying budgets for health and education are basically flat and are continuing at current levels. Therefore, yes, we are confident that we have the resource to deliver the programmes we need.

Gareth Bacon AM (Chairman): A number of the projects are set to be delivered in 2019/20, including accelerating the take-up of the smart infrastructure in the city. What resources are going to be committed to that?

Emma Strain (Interim Executive Director of Communities and Intelligence): The Smart London Team within the City Intelligence Unit is working quite hard to pull together the activity that has been set out in the Smarter London Together roadmap, which you will have seen. It has five connected missions that work across myriad different areas from a digital perspective and work across London and very closely with the boroughs. It has one full-time GLA officer allocated to it but has been very successful in securing resources from across a number of different programmes externally. The Sharing Cities Programme is a £25 million Euro-funded project about creating and ensuring take-up of smart city infrastructure, which includes things like smart lampposts, which not only shed light but also deal with air quality sensors, closed-circuit television (CCTV) and other technologies. It has also secured £8.5 million from the Department for Culture, Media and Sport (DCMS) to deliver fibre networks across the Tube.

The London Office of Technology is also being established with some contribution from the GLA and also from others. It is hosted at London Councils to serve boroughs and encourage collaboration on digital products and services.

Gareth Bacon AM (Chairman): It is one full-time post?

Emma Strain (Interim Executive Director of Communities and Intelligence): It is one full-time GLA-funded post and a number of other posts that are funded by external funding.

Gareth Bacon AM (Chairman): Yes. The smart lamppost is one that did catch our eyes. It might be a subject offline to explore. We are quite interested but we are running out of time significantly.

The final question or series of questions for today is coming from Assembly Member Cooper.

Leonie Cooper AM: I want to ask you about the development of the key performance indicators (KPIs) for social inclusion. It is a very interesting area. One of the areas that I am a bit concerned about is the one about sport. We have a target on Londoners actively participating or volunteering in sporting events as a result of GLA sports projects. We appear to have no target and we seem to still be having no target going forward.

I just wondered where we are with developing that. I do not mind whether it is Emma or Sarah who answers me.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): Let me start and then Emma can chip in.

Leonie Cooper AM: Fight amongst yourselves, absolutely.

Emma Strain (Interim Executive Director of Communities and Intelligence): We try not to.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): This is the joy of the job-share.

Leonie Cooper AM: Yes. No blood on the carpet, exactly.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): No, obviously. I can talk a bit more broadly about the work we are doing to measure social integration, if you would like.

On this specific question about sport, the intention very much is to set KPIs and to set performance targets in that area. What you will have seen in the Q2 reporting is that for the moment we have taken it out from the performance indicator (PI) section and are reporting on it against one of the deliverables. That is because this is a new programme. It is trying to do something really different and really innovative and we are developing the performance measures to make sure it picks up these points about social integration. We are doing that working very closely with the City Intelligence Unit which is looking at these questions at a city level to make sure we get that read across from the project and the programme level to the city-level objectives. That work is underway and that PI will be reappearing in the portfolio dashboards when we have the measures in place. The programme is only just getting started.

Leonie Cooper AM: OK, but when do you think that is going to be? I am very sympathetic to what the Mayor is doing here - using culture, aligning that very strongly with economic development, using volunteering and sport as a result of GLA programmes, seeing that very linked to social inclusion - but I am also not sympathetic to the idea of then not measuring how successful that has been. It becomes almost impossible for us to justify when we are talking to people about some of these programmes if we do not have a tangible measurement.

I know that that has also been something that you have been aware of in terms of moving forward on this type of innovative approach and having a Deputy Mayor for Social Integration [Social Mobility and Community Engagement] is part of that approach, but we really do need to nail this down. When is that going to happen?

Sarah Mulley (Interim Executive Director of Communities and Intelligence): I can come back to you with the specific dates of when we are going to have that PI back in the set. What I would say is that the Sport Team is working closely with the City Intelligence Unit here on those measures and of course also working with the stakeholders and providers delivering some of these programmes, and so it is quite a complex conversation.

We completely agree with you that there need to be rigorous measures here and that is why we are taking our time to make sure we get the right ones. We could have put in some more output-focused measures in terms of levels of participation, for example, but we want to set our sights higher than that and make sure we have a really clear link to social integration outcomes, and that is just taking a bit longer. We will let you know exactly when that target will be.

Leonie Cooper AM: OK. That will be scooped up, I hope, in the letter backwards and forwards.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): Yes, absolutely.

Leonie Cooper AM: Can I just check that that is going to include some quarterly updates? There seemed to be an implication that we might just have annual updates on the various indicators. That is not quite right. We do need to be monitoring success and, if you wait a whole year, your programme might be not as successful as perhaps it should be. Having more regular updates is helpful.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): We will be doing quarterly reporting on the projects and on the dashboards as normal.

Leonie Cooper AM: There will be quarterly reporting?

Sarah Mulley (Interim Executive Director of Communities and Intelligence): There will be quarterly reporting. It is fair to say that there may be some kinds of data that it is only appropriate to collect on an annual basis and report on an annual basis, but that does not mean that the projects are not going to be monitored quarterly.

Leonie Cooper AM: Ignoring the one about active participation or volunteering in sport as a result of GLA sports projects and looking at more Londoners volunteering as a result of GLA programmes, I am a big fan of Team London but, looking at these figures, we seem to be lagging, rather. In terms of Q2 in 2018/19, there were just less than 12,000 people volunteering and yet we have these very big headline figures of 25,000 during 2018/19.

Are we definitely going to achieve that and then 100,000 during 2020? Can you walk me through how we are going to get up from 12,000 to 100,000? That is quite a large increase.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): My understanding is that the 100,000 is a four-year cumulative target. That is 2016 to 2020. The team remains confident that it is going to hit the targets here. Because of the nature of some of the programmes - for example, London Ambassadors are very focused in particular periods in the year - we do not see a totally smooth delivery of volunteering across the year because programmes peak and trough at different points. There have been some delays in the reworking of the Team London website, which is a really important tool for encouraging people to volunteer. In spite of that, the team has been working really hard, is broadly on track to be meeting the target and is confident that it is going to meet the target.

Leonie Cooper AM: OK. It is really important that we keep some monitoring. Sorry, Emma. You wanted to come in?

Emma Strain (Interim Executive Director of Communities and Intelligence): That is all right. It was just to add in that the Euro 2020 contest will be a huge opportunity for Londoners to get involved in that competition and there are lots of volunteering opportunities that will come out through that contest, which is not very long away.

Leonie Cooper AM: Thank you. Can you tell us a bit more about the London Family Fund? What measurable impacts do you think it has had so far?

Sarah Mulley (Interim Executive Director of Communities and Intelligence): That fund is just getting started and we have had a huge level of interest. It was launched in March 2018. We had over 270 applications from across the city, which demonstrates the level of interest in this question. This is something really innovative, trying to look at those early years as an opportunity for social integration. We are not funding childcare through this programme, for example; we are looking at how parents and families build those relationships.

We have now selected nine projects and are just in the process of finalising the due diligence on those, but they will be getting going in January 2019. It is a really interesting mix of projects looking at targeting different groups, but with all of them the key thing about this programme is that they are focusing on building relationships between different groups of families who might not otherwise interact. We know that there are problems of segregation in early years settings. We know that different types of families are accessing different levels of provision and some are not accessing much support at all. The unifying theme across those projects is very much those relationships.

The approach we are taking to measuring impact and evaluating impact will be looking at that question directly. We are going to be speaking to participants about the relationships they build and about the kinds of people they are interacting with and trying to look at whether those persist to the extent that we can within the scope of the project.

Leonie Cooper AM: Clearly, you anticipated my question, which was, again, whether you are developing some sort of KPIs for this type of work, which I think is really interesting.

You are talking about links between different types of families. Is there an intergenerational element to any of this work as well? That has become quite fractured in a number of communities, particularly in London where we have a lot of people who have come here from other countries and perhaps have older relatives somewhere else.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): It is a very good question. I do not think that any of the projects have a specific intergenerational aspect to them but, as I say, they are about families and, obviously, families involve people from lots of different generations. For example, I would be very surprised if there were not grandparents involved in those projects as well as parents in a lot of cases.

Leonie Cooper AM: While on the subject of how welcoming we have been in London to people from all parts of Europe, we have the portal, which is very welcome. I was involved in a conference that was held here in City Hall with Matthew Ryder QC [former Deputy Mayor for Social Integration, Social Mobility and Community Engagement] - it was just as he was outgoing in his role - with some Members of the European Parliament. There was wide representation from a number of eastern European countries and people were talking about the online portal.

Are you surprised at the level of access that has already been noted? I understand it has been fairly well used until now. Are you anticipating that it is going to be maintained at a level where it is going to be able to withstand additional accessing by members of the public? I would have thought over the next six months or so that there might be added interest in accessing the portal for information.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): Yes, we have not been surprised because the reason we set this up was that we knew about the huge levels of demand from people for information in a time of great uncertainty. We have planned for those higher levels of access. I am just

pulling out the exact numbers. We are aiming to reach 100,000 people through the portal. That is what we are planning for.

Leonie Cooper AM: We are not aiming to reach that, but we are hoping we can cater for that?

Sarah Mulley (Interim Executive Director of Communities and Intelligence): Yes, that is the target we have set ourselves in terms of the number of people we hope will be using and accessing those resources. We know that there roughly 1 million people in London who are affected by this situation.

It is also worth noting that the work around the portal is not just the online resource. It also includes a programme of community outreach working directly and particularly with the most vulnerable groups. I suppose what I would say is that we are really focused on making sure that all Londoners get the information they need, and we are very aware that for some Londoners that is much more complicated. There is some really targeted work going on behind the online portal to make sure that we are supporting civil society groups who are working with particularly the most vulnerable groups who may otherwise be left out of this process.

Leonie Cooper AM: It will be updated regularly? You have staff on hand as various pieces of information are revealed? With that level of complexity, it is important to make sure that the advice is there and is accessible so that people have the most up-to-date information when they want to access the portal.

Sarah Mulley (Interim Executive Director of Communities and Intelligence): Absolutely. We are actively updating it as soon as the Government releases more information about their scheme. We are also directing people to sources of information and advice on the ground because we know that for a lot of people it will not be enough to just know what the Government's latest position is; they will need some direct support. The portal is trying to make sure that people can access more in-depth information and support at a local level.

Leonie Cooper AM: It is signposting them to others who are able to give them more in-depth support?

Sarah Mulley (Interim Executive Director of Communities and Intelligence): Exactly, because we will never be able to give everybody all the information they need on a portal. It is trying to strike that balance.

Leonie Cooper AM: OK. Thank you. That is all my questions. Thank you.

Gareth Bacon AM (Chairman): OK. That is the end, then. It has been quite a long morning but a very informative one. Can I thank all our guests for the answers they have given to us today? There will be some continuing dialogue in writing.