MAYOR OF LONDON

Building back better together

Spending Review submission from the Mayor of London

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Introduction

This paper sets out the Mayor of London’s submission for the Government’s Spending Review 2021, which will set resource and capital budgets for 2022-23 to 2024-25. It brings together the requests from across the Greater London Authority (GLA) Group of organisations, including Transport for London (TfL), the Mayor’s Office for Policing and Crime (MOPAC), London Fire Brigade (LFB), the London Legacy Development Corporation, and the Old Oak and Park Royal Development Corporation (OPDC). All our organisations continue to work directly with individual government departments and agencies, and may make further individual representations – for instance, there are separate ongoing reviews of TfL.

Executive summary

London is one of the UK's most extraordinary assets, one of the few truly globalised cities on the planet. It is in the nation's interest to ensure that London remains a top-tier global city that can continue to attract investment, tourism, students and talent from around the world. London not only contributes to the UK's economic prosperity and fiscal balance; it also plays a unique role in driving innovation across the UK.

However, despite London's ongoing success as a global city, it has long suffered from high levels of crime, unemployment, child poverty, poor health and deprivation. This has been exacerbated by the significant fallout from the pandemic, whose most acute impacts have been felt by some of the capital's most vulnerable communities. Workers in London's lower-paying sectors have suffered disproportionately as a result of the pandemic, and service-sector jobs have taken a major hit. **More than one in six Londoners are now claiming Universal Credit, which is as high as any other region in the country**.

Furthermore, the unique make-up of London's population, economy and position as the UK's global city has meant it is taking longer to recover than many other parts of the country. Various communities reliant on international tourism and travel, for instance, continue to suffer. The latest figures from the Office for National Statistics (ONS) show that London's unemployment rate stands at 6 per cent, compared to the UK average of 4.6 per cent. Furlough rates in the capital were also higher than the rest of UK, ahead of this support being withdrawn at the end of September.

The Mayor has been working tirelessly, alongside partners in business, local government and civil society, since COVID-19 first struck, to reduce the impact of the pandemic on Londoners. The core focus of the Mayor's work is to ensure that the **GLA leads from the front in building a greener, fairer, safer and more prosperous city**. To that end, the London Recovery Board, which was established last year to help build back better the city's economy and society, is bringing together London's businesses, institutions, community groups and public bodies, whilst engaging with London's population, to help build the capital's post-pandemic future.

To be able to deliver the objectives of the London Recovery Board, London – just like the rest of the UK – needs the support of the Government to fund its essential public services. This will in turn boost London's recovery and help to support the most deprived parts of the city.

The Prime Minister himself recognises that whilst progress has been made in London, long-term inequality remains entrenched in many parts of the capital. The city is the most unequal region in the UK – and due to the high cost of living, including housing costs,

London has some of the highest poverty rates in the country, with stark inequalities in both health and life expectancy. Around **27 per cent of Londoners live in poverty** once housing costs are accounted for, and poverty rates among families with children in London have consistently been the highest of any region, with **nearly four in 10 children currently living in poverty**. London's Recovery Board members share a common view that we need levelling up across the nation and levelling up within London.

The GLA's submission to the Government's Spending Review is therefore seeking funding and responsibilities for proposals that will help deliver London's recovery plans, improve the life chances of Londoners and boost their contribution to the national economy, by unleashing the potential of people right across the city.

We know that the UK's regions, cities and towns do not exist in isolation, and that the economy is complex and interdependent. **Our proposals will help drive recovery and create benefits for people and places across the country.** Investment in London's infrastructure and wider public services generates jobs and growth outside its boundaries; likewise, London will benefit from similar investments elsewhere. As well as supporting the Government in delivering on levelling up all parts of the country, our proposals will also help to deliver on government commitments to net zero – ambitions that the Mayor fully supports.

The Mayor and the GLA have thought strategically about what to include in this submission, taking into careful consideration the vital support that the Government has already provided to London and the UK throughout this pandemic, and the current state of national public finance. Officials have also discussed the proposals with partners in local government, business and civil society, whilst seeking the views of government officials. As a result, **any requests for additional investment are focused on areas where:**

- **there are opportunities for levelling up within the city and areas outside London**
- **they present clear opportunities for growth that will benefit the economy and the exchequer**
- **there are unavoidable cost pressures**
- **there is acute need**
- **there are opportunities for more efficient and effective delivery and governance**
- **they contribute to achieving net zero.**

In addition, the Government has made a welcome announcement in its Plan for Social Care: public-sector employers will be compensated for the additional costs of the employers' Health and Social Care Levy from April 2022. The Government should make this funding available to the GLA Group as a separately identifiable grant, in the same way that additional pension grants for policing and fire have been made available in recent years. It is important that – alongside the additional allocations necessary to fund this increase for policing, fire and rescue, and core GLA services – that sufficient funding should be made available for TfL, given its dependence on the GLA settlement for core funding. An initial estimate by TfL is that the additional cost associated with the 1.25 per cent employers' increase would raise costs by up to £20m from 2022-23, for TfL and London Underground contracted staff only. There are additional costs likely to be passed on to the GLA Group through the supply chain – for example, outsourced services, bus contracts and construction projects. GLA officers can work with officials to provide more information on the estimated costs for the GLA Group.

Furthermore, given the capital's long-standing needs and the vitalness of maintaining our contribution to the UK, the Government must ensure that the GLA's core spending power is not degraded as part of this Spending Review settlement. This includes the baseline funding level, allocated through retained business rates in the local government finance settlement. This funding is essential to maintaining the core services provided by the GLA Group, including TfL, LFB and an element of support to policing, as well as the services delivered by the GLA itself. In addition to this funding, this submission makes the case for extra resources to be allocated to the GLA Group through the Spending Review, in order to meet the objectives outlined above.

Finally, we will of course continue to work with government departments on issues and opportunities that affect Londoners' lives and fall outside of the Spending Review process.

Funding to keep Londoners safe and the economy moving

Keeping Londoners safe as we emerge from this crisis and face new challenges is the Mayor's top priority. It is vital that the Government addresses the historic shortfall of funding for the Metropolitan Police Service (MPS), including fully funding the National and International Capital City Grant by £159m per year; and ensuring the MPS is equipped to make long-term financial decisions through the security of a multi-year funding settlement. The Mayor hopes to see funding to complete an uplift of 6,000 MPS police officers and the additional costs that come with such an increase, including the need for supporting staff and equipment.

More than any other city, London's economy depends on public transport, which is why this submission seeks stable funding for TfL and long-term investment in the capital's transport infrastructure. TfL is already striving to reach financial sustainability by 2023-24, and has made difficult decisions on deprioritising some of the major growth schemes it had envisaged pre-pandemic – it has now reduced planned spend on enhancements and extensions by £5.7bn over a 10-year period. TfL is seeking a commitment from the Government to move to a predictable and efficient system of multi-year investment control periods in addition to its existing funding sources. Such a model, which is in place for Network Rail and National Highways, would best meet the investment needs set out in TfL's Long-Term Capital Plan: £1bn-£1.5bn of additional government investment each year above current arrangements.

Delivering homes and tackling homelessness

Investment in housing and infrastructure will ensure London can deliver its ambitions for new housing supply and deliver the homes that Londoners need, whilst supporting jobs and economic growth and making a substantial contribution to government tax receipts. For too long there has been vast inequality in Londoners being able to access good-quality and affordable housing, and the Mayor is determined to deliver good-quality homes for all Londoners.

This submission also seeks funding to bring forward infrastructure investment that's essential to unlocking housing across London; our proposals at Old Oak (maximising the benefit of the Government's investment in HS2) and Thamesmead will help to bring forward an additional 53,000 homes. In addition, there is a request to provide affordable homes to house rough sleepers in the capital and the funding flexibilities required to ensure they have the right support in place.

Kick-starting the UK's international visitor recovery

International visitors are vital for the London and UK economies, supporting the capital's Central Activities Zone and its huge visitor economy in the retail, hospitality, culture and leisure sectors. Many of these visitors go on to spend money in other parts of the country. To support London's economic recovery, which is lagging behind the rest of the country, we request up to £56m to deliver an international marketing campaign that would kick-start the UK's international visitor recovery and help meet the ambitions set out in the Government's Tourism Recovery Plan. This will not only help support the sectors in London that have been hit hardest by the pandemic – consumer spending in central London by overseas tourists was £7.4bn lower in 2020 than it otherwise would have been – but it will also support the UK's economy due to London's role as a gateway for international tourists and businesses coming to the UK. In 2019, London attracted 53 per cent of the UK's international visits. In addition, 15 per cent of visitors to London spend time elsewhere in the UK, contributing £641m to local economies across the country.

Responding to the jobs and skills crisis

London faces a jobs and skills crisis. The capital's unemployment rate has been higher than that of any other region for decades, with the gap having increased as a result of the pandemic. London therefore needs the structures in place to ensure that: certain groups of people, including the young, aren't locked out of London's highly skilled jobs market; and all Londoners can find good jobs. As a result, the GLA needs not only to retain its existing Adult Education Budget (AEB) allocation and responsibilities, but now also to see an uplift in London's AEB, alongside the additional powers that are vital to ensuring London's future needs are met. London wants to help support the Government in ensuring it has a skilled workforce that is fit to meet the challenges of our rapidly changing and increasingly globalised world.

Supporting regeneration and growth

The Mayor is seeking funding in the form of a flexible single multi-year programme to supersede those currently supported through the London Economic Action Partnership (LEAP), the European Regional Development Fund (ERDF), the European Social Fund (ESF) and others. This would allow funds to be deployed quickly and strategically to where they are most needed and can create the most benefit. Funding would be allocated through the decision-making and accountability arrangements in the capital under the Mayor, the GLA and local authorities.

Maintaining delegated funding would enable us to invest, for instance, to support new green jobs and businesses. This would drive a sustainable recovery from the pandemic and help build the skills and capacity that will be needed across the country, and in London's cultural and creative industries, which have a reach extending well beyond the capital and face strong international competition. Funding would support the development of much-needed new film and TV studio space – and would maintain, and make more environmentally sustainable, the existing stock. Environmental sustainability is a key consideration for international organisations looking for studio space.

Supporting the Government's net-zero ambitions

London shares the Government's ambitions to help the UK achieve net zero and for a green-led economic recovery. This is not only essential to making the UK a healthier and better place to live and work, but it also creates new green jobs and innovative businesses that support the UK economy. To that end, the Mayor is seeking a £3.5bn package of strategic government investment over the next three years to help London deliver a 'retrofit revolution' and scale up the retrofitting of London's homes and public buildings. The investment will also support the decarbonisation London's transport network, including funds to accelerate the transition of London's 9,000 buses to zero-emission by 2030.

Protecting leaseholders caught in the building safety crisis

The building safety crisis also needs urgent attention, especially in a dense urban city such as London. Homes across the capital still need to be made safe and innocent leaseholders should not be made to foot the bill, no matter the height of building they live in or the type of fire safety defects in their buildings.

1. Keeping Londoners safe

London, as a capital city and a major global metropolitan area, faces unique demands and ever-increasing complexity when it comes to keeping the city safe. A city that is safe for its residents and for those visiting is crucial to London's competitiveness, and its attractiveness as a place to live and work.

Tackling crime, addressing the long-term drivers of crime and violence, and supporting victims of crime are central to the missions of the Mayor and the Government.

That's why ongoing government support for early intervention and prevention is essential, and why it's crucial we ensure that our police service has the funding and tools it needs to keep Londoners and our capital city safe. It's also why it's so important that we prioritise support for victims.

In addition, we must ensure that LFB has the tools and funding it needs to play its essential role in tackling the dangers that became evident following the tragic Grenfell fire, in counter-terrorism, and in responding to climate-related risks such as flooding.

The Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS)
As the country moves out of the lockdown restrictions, the MPS anticipates that crime levels, which dropped 19 per cent in London last year, will rise again. The courts backlog has had a hugely detrimental impact on the effectiveness of the criminal justice system, with a longer wait for justice among victims, a higher risk of reoffence, and a greater likelihood of evidence being lost or forgotten during the lengthier waits for a hearing. London accounts for almost a fifth of total offences in England and Wales; in victim-based categories, it represents a disproportionately high level of offences in England and Wales (49.3 per cent of thefts from the person, 38.4 per cent of robberies, 30 per cent of vehicle offences, and 26.5 per cent of drug offences). These are volume offences where greater visibility and proactivity – and therefore officer numbers – can make a real difference.

MOPAC and the MPS are already having to find significant budget savings in excess of £249m by 2025-26, half of which is needed to meet the Government's commitment to increase police officer numbers nationally by 20,000. This is on top of the almost £950m in savings that they have delivered over the last nine years. MOPAC is facing a financial cliff-edge: historic one-off growth funds for critical services (for victims of domestic and sexual abuse, and in the area of violence against women and girls (VAWG)) will expire in March 2022, risking the immediate decommissioning of these services. The MPS has suffered net financial losses due to the impact of the pandemic, and there is the potential that the impact will continue into future years, placing more pressure on the budget. That's why it's now vital to address historic areas of MPS funding shortfalls, particularly on grants, as outlined in more detail below:

- **Funding to complete an officer uplift of 6,000 additional officers (including those already funded in years one and two of the programme), which reflects the true cost of officer uplift**. The additional funding needed is estimated at £194m for 2022-23, based on the budget gap identified in the 2021-22 budget. This is not just the base salaries of the additional officers, but also the costs of ongoing pay awards; an increase in non-police staffing; support; equipment; and infrastructure. Given that complex, high-harm crime is increasing, additional police officers are essential just to maintain the existing level of service. The Government should also ensure that the growth in funding for enabling and support functions is in line with the increased demand for these functions, which will result from the increasing officer numbers. Funding additional officer numbers without these support functions cripples the effectiveness of new officers and incentivises police services to post officers in staffing positions, which is poor value for money. The first two years of uplift show that the MPS has needed to increase staff by one full-time equivalent for every additional three officers recruited, in areas including vetting, training, intelligence, forensics and data.

- **Multi-year funding settlements are needed to support effective long-term financial planning**. This will support more informed decision-making; provide greater certainty over the continuation of services – including those that are commissioned externally; lead to reduced costs and better outcomes; and improve the effectiveness of services commissioned and provided. The current lack of certainty impacts key services such as the Violence Reduction Unit (VRU) and affects the overall service planning, development and delivery. The uncertainty and short-term nature of settlements also hampers the MPS's ability to plan how best to keep the public safe for the long term. It is an inefficient way of working, particularly given the multi-year nature of many of the MPS's transformation programmes.

- **The National and International Capital City grant needs to be increased by £159m per year to ensure the true costs of policing a national and international capital city are fully funded** from government grants. This is in line with the review undertaken by Sir Richard Mottram in 2015, the findings of which were accepted by the Government. London attracts wide-scale public events and protests that have recently become more resource-intensive in nature. The effects of underfunding and intensifying demand, compounded by the tactical challenges of recent protests, make it difficult to avoid other areas of policing being negatively affected. Keeping the Queen's peace is an absolute priority for the Mayor and for the Government, and the resources needed to do that must be properly recognised.

- **The MPS's capital programme totals approximately £1.6bn to 2024-25. It is essential to deliver productivity and efficiencies, and to modernise and**

exploit new crime-fighting (and prevention) opportunities from better use of digital and data. The resilience of the MPS during the COVID-19 pandemic owes much to previous technological investments. However, the MPS currently only receives a capital grant of £3m per year. This is not enough to meet the MPS's capital investment requirements, particularly to support the wider transformation and infrastructure that it needs, including ICT and modernised estates. Significant capital investment is required, and this work is currently being funded through a combination of capital receipts, borrowing and capital grant. However, capital receipts do not provide a long-term solution; once depleted, there will be an increased reliance on borrowing to fund investment, which will place an increased pressure on the revenue budget. Given the other pressures on the revenue budget, without proper funding, some capital requirements may not be met. This would mean the opportunity to modernise, transform and potentially deliver long-term, ongoing savings will be missed.

- **Sufficient funding is also required to make permanent all the temporary hostile vehicle mitigation measures across the eight central bridges in London.** Prior to the pandemic, the temporary barriers erected following the terror attacks in 2017 were being replaced. That work needs to be funded and be completed before the barriers reach an 'end of life' stage.

- **Key MOPAC-commissioned services are at risk and will not be able to continue without funding (the baseline figure for these services in 2021-22 is £23.9m). Decommissioning decisions may need to begin in early autumn, prior to any confirmation of funding levels from the Government for 2022-23.** This means that some priority outcomes may no longer be achievable, and demand for some services and support will increase, as preventative work is rolled back.

  MOPAC complements the MPS's enforcement approach through a number of commissioned services, where it is clear that early prevention can reduce subsequent criminal activity – or where there is a clear need for additional victim support. Many of the schemes at risk were developed in recognition of an increase in crime in these areas or in response to concerns raised by victims' groups. Examples include the London Survivors Gateway, which offers victims and survivors of rape and sexual abuse help to access specialist services; and London's response to tackling child criminal exploitation and child sexual exploitation through core pan-London programmes. These include London Gang Exit, Rescue and Response (for those at risk of exploitation through county lines) and Empower, which supports girls at risk of sexual exploitation through gangs. Currently only 55 per cent of victims of sexual violence (SV) are referred by the MPS into independent sexual-violence adviser (ISVA) services across London. However, the national Joint Rape and Serious Sexual Offence Action Plan recommends that all victims of SV should have an ISVA.

- Other compelling evidence of need is the significant increase in calls about domestic abuse received by the MPS during the pandemic, reflected in increased demand across services for victims of domestic abuse. Services also reported increases in the severity of violence faced by victims, meaning they require more intensive support from services, for a longer period, to cope and recover.

- Further investment for victims of crime and VAWG; tackling serious youth violence; reducing reoffending rates; and boosting criminal justice is needed to address existing and emerging issues, and increasing demand for services. **A total of £81.2m is needed to secure ongoing investment** in areas such as building extra capacity to help support more children and young people that have been victims of child sexual abuse (CSA) in London. This will address inequity in provision and a historic lack of investment in CSA services within London. There has been no national or regional increase in funding for CSA-related work during the pandemic; or for providing accommodation and support for VAWG victims moving on from refuges and other emergency accommodation.

Violence Reduction Unit (VRU)

The Mayor is committed to early intervention as part of a long-term approach to supporting young people and driving down violence across the capital. This approach has been boosted by an annual £7m Home Office investment in the London VRU. The Spending Review provides a funding opportunity for the London VRU, and other units in England and Wales, to be put on a sustainable footing in keeping with their long-term objectives. A three-year settlement at the existing minimum level of funding would enable better service planning, development and delivery; and would indicate an assertion that prevention is a key part of the Government’s agenda. Without further funding, the VRU would be unable to provide funding to valuable and impactful schemes such as youth worker provision at points of crisis; parenting programmes and networks; and ongoing development of a pan-London violence prevention approach across the 32 London boroughs.

London Fire Brigade (LFB)

LFB is engaged in the most significant transformation programme in its post-war history, following the highly critical phase 1 Grenfell Tower Inquiry report and a hard-hitting first inspection from HM Inspectorate of Constabulary and Fire & Rescue Services. In order to meet the justified expectations of its key stakeholders, the following challenges, which all have a budgetary impact, need to be addressed:

- The scale of risk in the London built environment is beyond any other part of the UK. This means London must be served by an appropriate number of firefighters and inspecting officers to respond rapidly to every eventuality; for example, when fire-safety measures in a building fail.

- With respect to keeping our communities safe, staff training requires drastic improvement and LFB needs better equipment to meet the recommendations of the phase 1 Grenfell Tower Inquiry report.

- Climate change expands the risks for which LFB needs to prepare. LFB needs to be equipped and prepared to respond appropriately to flooding and other climate change-related risks.

- London, as the UK's capital, faces an ongoing threat of terrorist attacks and high-threat incidents. LFB is a key part of London's counter-terror response; this capability must be further enhanced so it can successfully respond to major incidents, terrorist attacks and high-threat incidents.

LFB is committed to increasing efficiency and productivity. However, the increased levels of risk and activity, expanded on below, inevitably attract additional budgetary pressures. LFB is making good progress implementing the current Transformation Delivery Plan, and is developing the next Community Risk Management Plan. This will allow its transformation to develop and broaden, enabling it to work more closely with London's communities, and ensure it is as efficient and effective as possible. Whilst this transformation and work to remediate the built environment is being undertaken, it is important that real-terms baseline funding through the business rates retention system be maintained for LFB; without this, it cannot continue to deliver the current required level of operational capacity.

Post-Grenfell and fire safety

There is significant additional financial pressure from the new risks identified in the built environment, as well as changes to the regulatory regime, since the fire at Grenfell Tower. Additional one-off funding has been provided over the last two financial years, totalling nearly £10m, but ongoing funding is needed. To help understand the scale of the challenge, according to the latest information available to LFB, London has approximately 8,000 of the UK's 12,000 buildings above 18 metres in height; and 47,000 apartment blocks of 11-18 metres in height, which together account **for over 60 per cent of the total national risk**. Within these figures there are currently over 1,000 residential buildings in London that have had to change their evacuation strategy to simultaneous evacuation due to unsafe cladding or other building defects. This figure has continued to increase month-on-month as LFB and building owners carry out more in-depth inspections of their buildings. **To realistically deal with the ongoing challenges within the built environment, and support the changes following the introduction of the Building Safety Bill, LFB needs to increase its baseline funding on protection by £3m a year.** This would cover:

- maintaining an increased number of inspecting officers to support the introduction of the Building Safety Regulator

- maintaining a fully established building design hub that provides LFB's responses to building consultations for new and refurbished buildings

- maintaining a fully established Fire Safety Centre of Excellence that provides training and continuous professional development for new and existing fire safety-qualified staff

- the ongoing additional cost burden of third-party accreditation.

Extreme weather events

Climate change, giving rise to more extreme weather events and hot, dry summers, affects the number and scale of weather-related incidents LFB responds to. There is clear evidence that climate-related events are increasing significantly from year to year. For example, in 2021 grass fires increased by 38 per cent, with firefighters attending 4,262 incidents across London, more than any other area in the UK. The foreseeable increase in these incidents, and the evidence we already have of this increase, add significant strain on LFB's resources. This was most recently demonstrated in July 2021, when over a four-hour period LFB received 1,755 calls related to flash flooding and consequently attended 1,430 incidents. The calls included threats to life (for example, vehicles stuck in high water with people trapped inside) as well as the evacuation and rescue of residential properties. These climate-change trends are likely to intensify over the coming years. Failure to maintain real-terms funding will push LFB's capacity to deal with these incidents, whilst keeping up with pre-existing demand pressures, to unsustainable limits.

Counter-terrorism

LFB plays a vital role in responding to counter-terrorism in the capital, with London firefighters responding to every major terrorist incident in London's history. As a global city of 9m, and the centre for both finance and government, there is no other UK location carrying this level of risk. Both the Lord Harris Review and the Manchester Arena Bombing Inquiry are expected to place new requirements on fire and rescue services to better train and equip staff to respond to these incidents. A significant new approach to fire service response designed and led by LFB has been agreed nationally, and is strongly supported by all relevant partner agencies. Given the high risk faced in London, this approach is designed to ensure that every operational member of staff is equipped to respond to these incidents. However, this critical change comes with substantial costs. **Additional costs are currently expected to lead to ongoing staff costs of £5.4m, and one-off specialist equipment costs of £1.2m.**

Pensions

The London Fire Commissioner (LFC) has welcomed the one-off additional funding of £21.7m that it has received for the past three years (since 2019-20). This supports additional costs in the Firefighter Pensions Scheme (FPS) which is now expected to be built into baseline government funding from 2022-23. Whilst this addresses cost pressures from the FPS valuation 2016, a new pressure is developing from the McCloud/Sargeant judgment on unlawful transitional protection in the introduction of the FPS in 2015. The majority of the remedy's costs are expected to be funded from the pension fund and charged to the fire rescue authorities as part of the employer pension contributions. No figures are yet available for potential additional funding needed, but the additional costs from the 2016 valuation at £25m, give an indication of the scale of costs in this area. The LFC pays about £53m in employer contributions to the FPS. **If the implementation of the McCloud/Sargeant remedy were to add 20 per cent to the FPS costs, for example, this would equate to just over £10m for the LFC.** This will have an immediate impact on LFB's ability to maintain its operational delivery model in the face of the increased risks detailed above.

Moving to an electric fleet

All agencies need to play their part in addressing the significant risks that we face from climate change. The LFC aims to become more sustainable and reduce the environmental impact of the services it provides, addressing the impact from its vehicles in support of the move away from diesel and petrol vehicles. The LFC capital programme includes the replacement of vehicles, but this will add additional financial pressure to meet the capital financing costs. There will also be further pressure as the costs of infrastructure to support an electric fleet are clarified. It is difficult to estimate what these future costs may be, as the market for electric specialist fleet vehicles is still under development; therefore, at this stage, the level of funding over the Spending Review period is not set out in this submission. **However, the LFC will need to invest an estimated £130m in the years leading up to 2030.** This will see LFB's current Euro 6 diesel Ultra-Low Emission Zone-compliant fleet replaced with zero-emission capable vehicles, such as hybrid petrol/electric vehicles or fully electric vehicles. This will meet the demands of the Ultra-Low Emission Fleet compliance for 2030**. Providing additional funding through a capital grant would avoid estimated capital financing costs in excess of £10m per year, which would otherwise have to be met through reducing operational capacity.**

2. Transport

London is uniquely dependent on its public transport system. Its dense network of commuter lines is critical to the effective functioning of the capital's – and the UK's – economy. It sees far higher numbers of rail and bus users than any other city in the country. For these reasons, it will be impossible to secure an effective recovery from the COVID-19 pandemic without stable funding for TfL, including long-term investment in the capital's infrastructure.

Whilst ridership is recovering as restrictions lift and customer confidence returns, it is not expected to return to the pre-pandemic trajectory, which would have seen TfL achieve an operating surplus by 2022-23.

TfL is currently meeting all the requirements of its emergency funding agreements with the Government. These requirements further increase its efficiency; materially reduce its costs; and help support the priorities it shares with the Government towards economic recovery, decarbonisation, and a focus on shovel-ready infrastructure projects that create jobs across the UK. TfL also remains committed to avoiding a car-led recovery, and ensuring that walking, cycling and public transport are as affordable and appealing as possible to users.

The pandemic has shown that TfL's current funding model, which is far more reliant on fares than international comparators, is not fit for purpose. There are ongoing discussions with the Government about how to fund TfL sustainably for the long-term. TfL currently estimates needing ongoing support from central government of £1.9bn in 2021-22 (most of which has already been provided, leaving £500m to be agreed for the period from 11 December onwards) and £1.2bn in 2022-23. The Financial Sustainability Plan, submitted earlier this year, recognises the new financial realities that TfL faces, and sets out how its operations could reach financial sustainability by 2023-24.

Alongside that, in terms of capital investment, TfL recognises that major growth schemes such as Crossrail 2, the Bakerloo Line Extension and Sutton Tramlink, while still important to London, can no longer be the immediate priority. In total, in comparison to its pre-pandemic 2019 Capital Strategy (from which some significant items had already been removed), TfL has **reduced its planned spend on enhancements and extensions by £5.7bn over a 10-year period**. However, continuing to invest in transport in London is critical if we are to successfully recover from the pandemic and ensure that the capital's economy supports the UK's recovery, providing much-needed revenue to the Exchequer. TfL is dependent on the Government for the majority of this investment.

Transport authorities around the world all receive revenue and investment funding, yet TfL is working towards needing government support only for investment funding from 2023-24 onwards. **TfL is seeking a commitment from the Government to move to a predictable and efficient system of multi-year investment control periods in addition to its existing funding sources.** Such a model, which is in place for Network Rail and National Highways, would best meet the investment needs set out in TfL's Long-Term Capital Plan – **£1bn-£1.5bn of additional government investment each year above current arrangements.**

This investment will deliver significant benefits. TfL's Long-Term Capital Plan outlines that, compared to the *Managed Decline* scenario, this will deliver:

- 7.36m tonnes of CO_2 saved up to 2041
- 173,000 homes developed by the Growth Fund and the Housing Infrastructure Fund (HIF) schemes by 2031 (compared to 18,000 in the *Managed Decline* scenario)
- 89 per cent of carriageways in a state of good repair (compared to 85 per cent in the *Managed Decline* scenario)
- 5.74m daily driving trips by 2041 (a significant reduction compared to 7.76m in the *Managed Decline* scenario, with material benefits for journey times for those who need to drive).

The key elements of this Capital Plan – which supports government policy, including on decarbonisation – are set out below:

- **£450m per year for vital rail asset renewal**, allowing TfL to achieve a sustainable long-term rate of renewals, including new deep-level Tube trains for the Bakerloo and Central lines to replace rolling stock (which, at nearly 50 years old in some cases, are the oldest trains in operation in the country), and to provide a secure, long-term order book for key UK-based manufacturing facilities. A notable example is the Siemens factory being built in Goole to manufacture future Piccadilly line trains, which is reliant on follow-on orders. For every pound spent on improving the London Underground alone, 55p is spent outside of London.

- **£100m per year for core asset resilience**, protecting and prolonging the life of ageing roads, bridges and tunnels. This is to avoid the types of economically disruptive closures that have impacted Hammersmith in recent years, and that may affect other ageing assets such as the Rotherhithe Tunnel and the Westway, if sufficient funding is not made available. Alongside this, TfL will continue to work with partners to resolve the issues with Hammersmith Bridge, even though it is not a TfL asset.

- **£70m per year to 2026 (rising thereafter) to modernise the Piccadilly line signalling at a lower cost**, replacing very old (in some cases 70 years) and increasingly unreliable technology; and maximising the benefits of the new trains already under order to replace the current fleet built in 1973.

- **£25m per year as a minimum for increasing the accessibility of transport,** including through further step-free access schemes, as well as other more local interventions.

- **£120m per year for the delivery of TfL's Healthy Streets portfolio**, including the continuing expansion of London's protected cycle route network, to make the capital's streets safer, greener and better for people who are walking, cycling or taking public transport.

- **£135m per year to support projects to stimulate housing growth and associated economic activity in key areas across London (the already-approved HIFs for the Docklands Light Railway (DLR) and the London Overground would be included in this)**. A key element would be the continuation of our successful Growth Fund to unlock housing potential at constrained sites such as Tottenham Hale.

- London's transition to **a zero-emission bus fleet, which is set out in detail in the Environment section of this submission**.

As a scaleable alternative to this level of investment, TfL has also developed a *Financially Constrained* scenario that would lead to slower progress on key outcomes (as described in detail in its Medium-Term Capital Plan). This would require additional investment funding of £0.5bn-£1bn per year. Spend profiles for this scenario have been supplied separately to the Department for Transport (DfT); the figures in this Spending Review submission relate to the £1bn-£1.5bn *Policy Consistent* scenario.

The investment proposals set out here are of the highest priority to support London's and the UK's recovery from the economic scarring of the COVID-19 pandemic; and to achieve the Mayor's and the Government's goals for net zero. The same cannot be said of investment to enable driverless trains. Whilst a condition in the last funding settlement required TfL to undertake work on the business case for making the Waterloo and City, and Piccadilly lines driverless, and that work is under way, none of TfL's analysis suggests that – despite the associated investment in signalling and maintenance – there is any value-for-money case for the implementation of driverless trains.

We therefore cannot support any proposal that would divert funding into driverless operations and away from the critical programmes described above.

3. Housing

A shortage of homes and infrastructure acts as a drag on the capital's economic performance and growth. Appropriate investment is needed to ensure that London can deliver on its ambitions for new supply, while supporting jobs, growth, and London's substantial contribution to government tax take.

To support these aims, the GLA is working to grant fund 79,000 affordable housing starts until 2026. This will include 29,456 homes that central government recently confirmed through the 2021-26 Affordable Homes Programme. The GLA will shortly enter into a contract to allocate £3.46bn to achieve this, and the Mayor welcomes this constructive approach from the Government. However, the London Plan shows a need for affordable housing in the capital that goes beyond the level deliverable through the existing Affordable Homes Programmes. The GLA and our partners stand ready to deliver more affordable homes in 2021-26 if the Government agrees to increase the funding available for London. We also propose early engagement on discussions about future settlements, which need to better recognise the level of affordable homes funding necessary for London. Early conformation of available funding will give partners the certainty they need to develop business plans to meet the scale of ambition London requires.

The new communities that would be created as a result of delivering these homes will require transport connections and other infrastructure to meet their needs, and often sites will need remediation before homes can be built.

We also need to do all we can to work on our shared priority of eradicating homelessness by ensuring that there is enough appropriate housing to support people out of rough sleeping.

Finally, the building safety crisis needs urgent attention. Homes across the capital still need to be made safe. Innocent leaseholders must not be made to foot the bill for this, no matter the height of building they live in or the type of fire-safety defects.

Delivering homes

The proposed National Home Building Fund (NHBF) creates the opportunity to provide funding for large-scale infrastructure to unlock significant levels of housing delivery across London. To help make this happen, **the GLA proposes that the NHBF should be delivered as a partnership between the Government and the GLA in London,**

recognising the Mayor's strong track record of identifying appropriate sites for infrastructure or other remediation interventions[1] **to support housing delivery.**

This would mean that the GLA operates as the gatekeeper for the development and appraisal of all London-based bids for infrastructure funding, housing delivery development finance, and other relevant streams. The GLA is well placed to broker and prioritise a pipeline of projects across London, via its network of contacts and core relationships, including boroughs and the GLA Group.

For projects under £50m, the Mayor should be given delegated spending powers to bring forward schemes that meet a clear value-for-money threshold and fit shared strategic priorities. Government oversight would be maintained through regular reporting of management information. **To support this, revenue funding will be required to ensure the GLA is adequately resourced to coordinate and steer bids.**

This approach will allow smaller land interventions to maximise supply, such as remediation works and actions to address fragmented land ownership, including in town centres and around stations, as well as small-scale transport investments. It builds upon the success of the GLA's Accelerated Construction, Small Sites and Land Assembly funds in London, where the ability to act fast and take a flexible approach has resulted in delivery of homes over and above the agreed targets.[2]

For larger schemes, the GLA proposes that the Government should provide Homes England (HE) with delegated decision-making authority in London; and with additional approvals from the Department for Levelling Up, Housing and Communities (DLUHC) and HM Treasury, where necessary. There are, however, two priority infrastructure projects for which the Mayor seeks more immediate funding as part of this submission.

Priority infrastructure projects

Old Oak and Park Royal

Old Oak and Park Royal is London's largest opportunity area and the biggest brownfield housing delivery opportunity in England, with a target to deliver 25,000 new homes. It is a core part of the HS2 project, where enhanced connectivity across London, and to the North and the Midlands, will drive new homes, jobs and growth. **The OPDC is seeking government funding of £250m-£300m to support the upfront cost of land assembly and infrastructure investment necessary to unlock the next phase of circa 9,000 homes at Old Oak. These figures cover years beyond the Spending Review period. However, an estimated initial investment of £75m-100m will be required during the Spending Review period to 2024-25. A significant proportion of this investment will**

[1] These are activities currently undertaken via the Land Funds. They will primarily include land assembly and site remediation where this is necessary to bring sites forward more quickly, or to increase the amount of affordable housing delivered on a site.
[2] As at 2019-20 year-end, the GLA was in contract to deliver 6,032 homes, with approval to spend for an additional 5,527 homes. The commitments at year-end of 11,659 homes was 3,659 in excess of the target of 8,000.

be recoverable against the OPDC's planning income and the financial performance of the development itself.

The Government is already the dominant landowner in Old Oak and is making a £1.7bn investment in the new station. A failure to coordinate action now will affect the scale, pace and quality of housing, and the economic benefits to be unlocked, in Old Oak and Park Royal. Inaction will also result in piecemeal and sub-optimal outcomes, including on the Government's own assets, and would undermine the Government's potentially transformational investment in HS2.

Confirmation of funding is expected to unlock circa 2,000 housing starts on government land in the next three years. It will ensure that critical enabling work happens in time for when further land is released by HS2, cementing Old Oak Common's position as one of the UK's most important and exciting new development sites.

The proposed strategy for this project is being developed with the DLUHC and the DfT, with support from HE, and from the Infrastructure and Projects Authority. We believe it will act as an exemplar project for how London and central government can work together to redevelop public-sector land.

Thamesmead

There is capacity for up to 28,000 homes in the Royal Docks and Thamesmead areas of east London, but they are dependent upon improved transport infrastructure. The critical project to unlock these new homes, and the associated jobs and growth, is the **extension of the DLR from Gallions Reach to Thamesmead via Beckton Riverside**, with an estimated cost in the range of £700m-£1.2bn, depending on the option selected.

The GLA and TfL are therefore seeking a commitment from the Government to provide £4.8m over the Spending Review period to fund further feasibility and design work for the DLR extension to Thamesmead. This is with a view to securing capital support for the full scheme within the Spending Review period, which would enable works to start in 2026.

The DLR extension will improve connectivity and support growth in the Thames Estuary Growth Corridor and support housing supply on both sides of the river, delivering a significant uplift in land value, estimated at £1.6bn to £3.1bn, depending on the level of development.[3] Housing delivery could begin in 2027 and 2028, launching a 20-to-30-year build-out, with significant additional transport user benefits to existing residents in Thamesmead and surrounding areas in the interim.

This proposal has been developed in partnership with HE and the DLUHC (previously the Ministry of Housing, Communities and Local Government (MHCLG), and has already secured external support and funding from TfL, the GLA, the London Borough of Newham,

[3] AECOM analysis.

the Royal Borough of Greenwich, and developers and landowners on both sides of the river.

Reducing homelessness through affordable housing

The Mayor and the GLA are playing a key role in supporting the Government to achieve its target to end rough sleeping. Our services have helped over 11,000 rough sleepers off the streets since 2016. Most recently, over 1,500 people have moved on from the hotels secured by the GLA as part of the highly successful Everyone In COVID-19 initiative. To help support rough sleepers, the Mayor is delivering two government programmes in the capital: the Move On Programme (MOP) and the Rough Sleeping Accommodation Programme (RSAP). He has so far allocated funding for around 1,700 homes with appropriate support.

But many more homes are needed – for people still accommodated in the Everyone In hotels, for those on the streets, and for those ready to move on from hostels. To make this happen, it is critical that more capital funding is made available, both to meet the DLUHC’s target of 740 homes for the 2021-24 phase of RSAP (RSAP2) and for further homes beyond this.

For these reasons, the GLA is seeking the following through the Spending Review:

- **£12m to fund the remaining homes needed to achieve the existing London target, at the same average grant level as those allocated funding to date under RSAP2 (2022-24)**

- **£70.5m in revenue funding to provide ongoing support to residents of MOP and RSAP homes for a further four-year period from the date that current funding ends**

- **£16.2m capital and £8.2m revenue funding to deliver an additional 200 longer-term homes with support, over and above existing targets.**

Alongside this, capital and revenue budgets need to both be longer-term and enable flexibility of spend across financial years, given the inherent risk and uncertainty in capital delivery programmes, so that providers can plan and deliver more strategic projects, and so that support can continue to be provided to residents of the homes that are delivered.

Finally, the delivery of RSAP has highlighted the well-documented lack of appropriate accommodation with support for rough sleepers with significant support needs, including hostels, supported housing and Housing First.[4] A number of unsuccessful bids have been made to RSAP for this type of accommodation (as this is currently beyond the scope of the programme). **The scope of the programme therefore**

[4] https://www.mungos.org/publication/local-authority-spending-on-homelessness-full-report/.

needs to be broadened. Doing so would also enable the provision of this type of accommodation through the main Affordable Homes Programme, by providing long-term revenue funding for support, alongside the available capital.

Protecting leaseholders caught in the building-safety crisis

The building-safety crisis is one of the most urgent challenges facing the housing and residential development sector and is felt hardest in dense urban cities such as London. It is having an enormous impact on Londoners who no longer feel safe in their own homes. Too many have seen their mental and financial health, and their ability to move and make life or long-term decisions, put under intolerable strain. Responding to the building safety crisis is a priority for the Mayor and the GLA.

The Mayor has welcomed the funds introduced by the Government to support cladding remediation. However, this support is limited to buildings over 18 metres in height. The Mayor believes that leaseholders in all affected buildings, regardless of building height, should be protected from covering any costs related to the failures of the current regulatory regime**. This is why the Mayor is asking for the scope of current and future funds to be expanded to cover all buildings for which cladding represents a serious fire-safety risk.**

In addition, there is the problem of non-cladding remediation works, for which no dedicated funds have been created. The full scale of defects is only just becoming clear and the sector expects the cost of correcting these to be significant. Funding these works should be the responsibility of both the Government and industry. **The Mayor therefore asks that the Government commits to fully funding non-cladding remediation works for buildings, regardless of height, where non-cladding issues pose a serious fire-safety risk. The Mayor expects the Government to cover these costs in the first instance; not to delay remediation; and then to claim back costs from industry through funding mechanisms targeting developers.**

These measures will help to fully protect leaseholders from continuing to bear the brunt of a crisis they had no role in causing.

Supporting community-led housing

The Community Housing Fund provides invaluable support for community-led housing (CLH) in London. From this, the Mayor was allocated £30m of capital and £8m of revenue to deliver 500 community-led starts by 2024, which the GLA is delivering. We have also established a pipeline of over 1,300 CLH homes in the capital.

However, the MHCLG (now the DLUHC) withheld £2m of the original £8m revenue allocation because it took a while to get the fund up and running. Now, though, demand for community housing is such that **the Mayor is seeking reinstatement of the £2m, plus a further £4.25m, of revenue funding, in order to progress schemes that can deliver by the programme-end date of 31 March 2024. Funding of up to £250,000 is also**

required for the GLA to administer the programme in 2023-24 (administrative funding is only to 31 March 2023).

In addition, a further £4.5m of capital is needed to meet the build and related costs of pipeline schemes, in order to achieve the 500 homes target. Without further capital funding (and the reinstatement of the £2m revenue allocation), no more than 345 homes will be able to be delivered – 155 short of the target – because of optimistic original assumptions and the recent inflation in construction costs.

Finally, further grant funding of £4.7m revenue, £17.5m capital, plus two years' administrative (staffing and legal) costs of £0.5m between 2024-25 and 2025-26, would enable an additional 243 homes to start onsite by April 2026. As this programme would extend beyond the Spending Review period, the costs for the relevant years covered by the Spending Review are shown in the tables at the end of this document.

4. Economic recovery

London and other local economies, cities and regions don't exist in isolation. They are bound together more than ever by supply chains, and a complex web of social and commercial ties. If the capital is supported to recover quickly, then it will be the strong economic and fiscal engine for growth and levelling up across the UK that the Government needs – London's net contribution to public finances stood at £36.1bn in 2019-20.

As the Prime Minister has stated, in the face of ever-stronger international competition, global Britain is unlikely to thrive without continuing to invest in the UK's (and arguably Europe's) only truly global city.

However, the capital has been hit hard by the pandemic, with London opening up an even more unenviable lead on unemployment rates than before. We also have the highest number of Universal Credit claimants in the UK; and sectors vital to the London and UK economies have been disproportionately affected, with the pandemic leading to a decimation of international and domestic tourism, and the slow return of office workers to the city centre.

For these reasons, we need to ensure that the capital has a skills offer that can help the unemployed to enter work and take advantage of opportunities in high-growth sectors. This should be supported by affordable and high-quality childcare for those who have caring responsibilities. We also need to work with the Government to kick-start the return of international tourism; and the capital and other regions need assurances about the replacement of EU structural funds.

Finally, transitional reliefs for business rates (a main source of income for local and regional government) need to continue, with the Government working to carefully consider any changes it makes to the system. Without these two things, businesses and jobs are under threat.

Adult Education Budget (AEB) and skills fund

London faces a jobs and skills crisis. Its unemployment level has long been the highest in the country, with the gap increasing during the pandemic. Without long-term ambition and funding, a generation of young people risk being shut out of the high-skilled London jobs market.

To address this, the capital must at least retain the amount of AEB funding it is currently allocated, if we are to have any chance of securing a sustainable, long-term recovery from the economic impacts of the COVID-19 pandemic, and of tackling the deep inequalities that exist in the capital.

Any reduction in London's allocation as a result of the Department for Education's ongoing *Reforms to further education funding and accountability* consultation would further exacerbate unemployment and social disparities, and put the financial stability of London's colleges and skills providers at risk. Preliminary modelling undertaken to support the GLA's response to this consultation shows that London requires around £365m per academic year to meet the essential educational needs of the region. This includes additional funding for Level 2 and 3 qualifications,[5] and the creation of new skills programmes to address key challenges that the capital faces, such as the COVID-19 recovery, skills mismatch in the labour market, and the transition to a greener and more digital society, amongst others.[6]

It is equally important that London retains the delegated powers needed to deploy AEB funding strategically to meet the needs of its citizens and businesses – convening employers, providers and local government to ensure skills delivery is locally relevant, and helps people to enter jobs, and progress in life and work. Current proposals for the National Skills Fund, and the Skills and Post-16 Education Bill, risk undermining this, which we consider unacceptable. The Skills and Post-16 Education Bill appears to cut across the Mayor's and the Mayoral Combined Authorities' ability to set their own adult skills priorities, and to determine the eligibility of providers.

The Mayor considers that the right approach is for the funding and powers associated with the skills element of the UK Shared Prosperity Fund (UKSPF), 19-24 Traineeships, Bootcamps, and the endorsement of Employer Representative Bodies and Local Skills Improvement Plans, to be delegated to the GLA and the Mayors of England's Combined Authorities as part of the new single Skills Fund. For London, this would be an estimated £410m per year, including the AEB figure of £365m outlined above. This should be set out in legislation through amendments to the Skills and Post-16 Education Bill. This approach would support the Government's ambitions to give local leaders the tools and powers they need to support levelling up.

London's response to the pandemic has brought together the GLA, London Councils, London's sub-regional partnerships and Jobcentre Plus to work in partnership to ensure unemployed Londoners have the skills and support they need to find work. **The Mayor wants to see the Government build on this partnership with tailored national employment schemes to support young Londoners into work. This should include the adoption of London Councils' recommendation for a 'London Kickstart Plus'**

[5] By January 2021, Level 2 and Level 3 take-up increased by around 25 per cent.

[6] The GLA has conducted some preliminary analysis to identify a set of indicators that are relevant for London and could be effectively used in a needs-based relative assessment model. The list of indicators extensively covers the main areas described in the consultation document, including demographics, area characteristics, the target population (AEB priority groups), skills and the labour market by local area. Some of the variables are specific to London, particularly population growth, number of ethnic minorities, service-intensive employment, skills mismatch and affordability ratio. The analysis has also applied an adjustment to reflect area-specific costs of delivery and relative disadvantage (based on the Index of Multiple Deprivation).

with further support and placements paid at the London Living Wage, reflecting the higher costs of living in the capital. And young Londoners should be able to voluntarily enrol on the Restart Scheme after six (rather than 12) months of unemployment to ensure they receive quicker access to intensive support to get them into work.

Quality, affordable childcare

London's early-years sector is essential in promoting social cohesion and closing the inequality gap between disadvantaged children and their better-off peers – something that has become even more important as a result of COVID-19. The sector is also essential to the city's economy, providing access to high-quality early education and childcare, which supports those parents who wish to return to work. **It is crucial that the Government ensures that the sector is properly funded.**

Tourism

Given London's role as the capital of global Britain, we must do all we can to protect and extend its lead on the world stage. Building on the success of the GLA-funded 'Let's Do London' domestic visitor campaign, we are **requesting £56m to deliver an international marketing campaign to meet the Government's Tourism Recovery Plan ambition of returning visitor spend to the same level as 2019 by the end of 2023, and sustaining its growth thereafter.**

Tourism accounts for as many as one in seven jobs in London and contributes almost 12 per cent of the city's GDP. London's tourism sector has been hit disproportionately hard by the pandemic. City Hall analysis of forecasts by VisitBritain showed that consumer spending in central London by overseas tourists was £7.4bn lower throughout 2020 than it would otherwise have been.

Without intervention, London's international visitor recovery will take at least three years, resulting in reduced tourism expenditure of £21.3bn, the equivalent of 192,000 jobs.[7] International tourism also has an important role to play in promoting the UK as a soft superpower. The visitors and students of today are the business investors of tomorrow.

Funding of £56m would fast-track recovery by one year, which would support the ambitious targets set in the Government's Tourism Recovery Plan and deliver an estimated return on investment of 21:1.[8] Close partnership working with industry would bring in match funding and ensure alignment on strategic objectives and priority audiences, with a coordinated campaign shown to be five times more effective at generating jobs than industry acting alone.[9]

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[7] These figures are based on the latest ONS data detailing how many jobs a given amount of tourism expenditure supports or creates. According to the ONS data, there is £111,112 expenditure in the tourism sector per job.
[8] https://www.visitbritain.org/our-performance-reporting.
[9] London Tourism Recovery Board, 2021.

London is disproportionately impacted by a slow international recovery, as a higher proportion of London visitor spend comes from international markets. In 2019, 84 per cent of overnight tourism spend in London came from international visitors, compared to 37 per cent for the rest of Great Britain.[10]

At the same time, London is the third-biggest driver for people visiting the UK (behind 'visiting a new country' and 'history and heritage') and attracted 53 per cent of the UK's international visitors in 2019.

The campaign would also have the benefit of driving tourism for other UK destinations, capitalising on London's position as a gateway for international tourists to visit the rest of the UK. Figures show that those who go from London to spend time elsewhere in the UK, contribute £641m to local economies across the country.

This proposal is supported by UKHospitality, the Association of Leading Visitor Attractions and the London Tourism Recovery Board.

The **East Bank** development in the Queen Elizabeth II Olympic Park also has the potential to be a major draw for visitors and will provide substantial regeneration and cultural benefits. It will bring together world-class higher-education and cultural partners – University College London, the London College of Fashion, the V&A Museum, Sadler's Wells and the BBC – on two sites at the Queen Elizabeth Olympic Park in east London. It will contribute to the active regeneration of some of the most deprived parts of London by stimulating economic growth, creating jobs, and developing new cultural institutions that do justice to our Olympic Legacy. Activity at East Bank and beyond is associated with a gross value added contribution of £45m each year. **However, the delivery of those benefits at East Bank is dependent on securing funding to meet an estimated £35.6m of COVID-induced cost pressures.**

UK Shared Prosperity Fund

In partnership with London stakeholders, the GLA manages the ERDF, the ESF, LEAP funds and other funds, such as those from retained business rates and the AEB. Our strategic coordination of these to meet Londoners' needs is a clear example of the devolved and delegated arrangements that the Prime Minister supports. **A simpler and more flexible single multi-year programme than those currently supported through the LEAP, the ERDF, the ESF, etc, would be the best way to enable funds to be deployed quickly and strategically, to where they are most needed.** This would be done under the democratic decision-making and accountability arrangements in the capital under the Mayor, the GLA and local authorities; and similar local arrangements in other combined authority areas, **with funding levels maintained at least at the same level as current European funds.**

[10] IPS and GBTS data.

We are, however, concerned by the precedent set by recent interim funding measures that the Government has introduced, and believe that the forthcoming UKSPF offers a golden opportunity to address this. **We are keen to work with the Government to build on our track record of success and create integrated and delegated models for the allocation and management of UKSPF (and any other UK-wide funds that may be under consideration and could be delegated)**. These models could be deployed both in London through the GLA, and elsewhere in England through the other combined authority structures.

Maintaining delegated funding would enable us to invest, for instance, in London's cultural and creative industries, which extend well beyond the capital and face strong international competition. **Funds would assist in developing new film and TV studio space, maintaining existing stock, and making said stock more environmentally sustainable. The financial tables at the end of this document set out the funding required for this investment.** London's studios are currently at capacity[11] and are having to turn away overseas production investment. In contrast, our competitors in Europe are aggressively courting investment that could come to the UK. London is a draw for film-makers; by attracting investment, we create wider benefits for the UK as the industry grows. For many international TV and film-makers, the choice will not be between London and other parts of the UK, but between many potential international destinations, all of which are competing vigorously for this growing sector.[12]

Business rates

The Mayor welcomes the grant support and temporary business rates relief provided by the Government, but substantial challenges remain – particularly in the retail, hospitality and leisure sectors, and their associated supply chains, as they recover from the financial challenges and loss of revenues as a result of the pandemic. Pending the April 2023 national revaluation, **there is a case for continuing to provide some transitional business rates relief support in 2022-23 for companies in those sectors – particularly for small and medium-sized enterprises (SMEs) – that will otherwise move overnight from paying one-third of their liability to 100 per cent on 1 April 2022.** Prior to the pandemic, the Government had already announced 50 per cent rates relief for properties in the retail sector, as well as cinemas and music venues, with rateable values below £51,000 for 2020-21 – subject to subsidy/state aid limits for larger firms. **This pre-pandemic relief scheme should continue in 2022-23, but with expanded eligibility criteria and a higher threshold to support SMEs.**

The Government should also make an early announcement on the allocations to local authorities of its £1.5bn support fund for ratepayers who were affected by the pandemic but did not benefit from the retail, leisure and hospitality relief scheme, so that the businesses needing this help can access it as soon as possible. This fund was

[11] British Film Commission/Film London.
[12] Global Incentives Index 2020, Olsberg SPI. See: https://www.o-spi.co.uk/wp-content/uploads/2020/11/Olsberg-SPI-Global-Incentives-Index-November-2020.pdf.

announced on 25 March but, six months later, has still not been allocated. An early announcement of the allocations would allow local authorities to start consulting on how to distribute this relief to ratepayers, even if the funds are not actually paid over to them until the associated Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill – which prevents those ratepayers seeking reductions to their valuations arising from the direct impact of the pandemic – receives Royal Assent (which is scheduled for later this year).

The Government has also confirmed it is intending to move forward with a business rates revaluation in April 2023, based on what may well be speculative and volatile property valuations at 1 April 2021 – informed by potentially uncertain turnover data for the retail and hospitality sectors. Due to the statutory requirement for the tax base to remain the same in real terms, it is likely that many firms will end up paying higher business rates overall, despite seeing see their valuations fall due to the impact of the pandemic.

In the most recent revaluation, London businesses saw their underlying business rates liabilities increase by over £1.1bn before inflation (London was the only region to see an increase), with several thousand larger firms, particularly in the central London retail and hospitality sectors, seeing 45 per cent increases in their rates bills overnight on 1 April 2017, due to the aggressive nature of the Government's transitional relief scheme. It is essential that the Government manages the implementation of the 2023 revaluation more proactively to avoid the last-minute transitional measures that had to be announced in the March 2017 budget, at a cost to the Treasury of over £350m. **The Government should therefore: set aside sums in the Spending Review to manage the transition to the new post-pandemic valuations arising from the 2023 business rates revaluation; and consult on its proposed transitional relief scheme** as soon as practical after the Valuation Office Agency provides it with the draft valuations next spring. **The Government also needs to: consider again how to manage the volatility that the revaluation will create for local authorities,** in respect of the business rates retention system; **and make appropriate allowances for losses due to ratepayer challenges and appeals through an adjustment to the multiplier or via other means.** Such local impacts on local authority funding from the revaluation can be significant – the GLA's tariff payment to the MHCLG (now the DLUHC) through the business rates retention system, for example, nearly doubled in 2017-18, from £359m in the previous year to £720m.

The Government's fundamental review of business rates, which is due to conclude this autumn, provides an important opportunity to consider how the burden of this tax on property-intensive businesses in the retail, leisure and hospitality sectors, in particular, could be reduced, with the resulting loss in revenues offset by some form of online sales tax. However, business rates – which raise nearly £9bn a year in London alone (excluding existing temporary pandemic relief schemes) – are a key source of funding for local and regional government, and it is essential that there is no adverse impact on the resources available to fund key local services arising from the final recommendations of the review.

Finally, London government has long held ambitions regarding a greater role over the setting and retention of business rates, similar to the successful devolved arrangements in place in Scotland, Wales and Northern Ireland. **That's why the Government should reconsider the findings of the London Finance Commission in 2013 and 2017.**

The previous Mayor (and current Prime Minister) made the case for reform very well when he responded to the recommendations of the first London Finance Commission in May 2013:

"The current system is simply not fit for purpose and is out of step with the funding settlements enjoyed by cities of comparable size and stature. Furthermore, Londoners will increasingly question why London government cannot enjoy similar fiscal freedoms as those afforded to the devolved governments in Scotland and Wales. London's key bodies are agreed that the capital's financial future lies in greater devolution. We will now be taking this case to Government."[13]

[13] https://www.london.gov.uk/press-releases-5563.

5. Environment

A strong economic recovery from COVID-19, and a green and fair recovery, are not mutually exclusive. Tackling the climate and ecological emergency, eradicating air pollution and addressing the associated health inequalities of both, is essential to making London a more attractive and fairer place to live and work. Addressing these challenges will create new green jobs and build innovative businesses that support the UK economy and the Government's levelling-up agenda.

Supporting London's efforts to drive a green recovery will also significantly contribute to the Government's goal of being net zero by 2050. Achieving a net-zero target by 2050 for the UK is demanding, and opportunities for offsetting London's emissions elsewhere in the country are limited. It will not be possible for the Government to achieve net zero if it does not invest to deliver net zero in London. By supporting London to go further and faster, the Government can take action at scale and drive down the overall costs of delivery, which will benefit delivery programmes across the UK as a whole. Given the capital's global prominence, and its role as a gateway to the country, this support will help promote the UK's achievements and encourage inward investment to the UK.

Investment to deliver a 'retrofit revolution' to tackle the climate emergency

Meeting London's and the UK's carbon goals will require virtually all of London's buildings to be zero-carbon. This will be achieved through a combination of energy efficiency, smart technologies, and low and zero-carbon heating. The requirement for 'deep retrofit' is clear, but it is not happening at the scale required. London has developed proven delivery mechanisms, as recognised by the Department for Business, Energy and Industrial Strategy (BEIS); by scaling these up, we can deliver efficiencies and demonstrate ways of working that can be rolled out across the UK. To achieve this, we urgently need to stimulate demand, drive investment and build supply chains. But this requires action now, through devolved powers and longer-term funding, to enable investment in people and equipment, bring costs down, and attract private finance.

Securing the rapid progress needed to support the achievement of the Government's and the Mayor's net-zero ambitions will need a wide-ranging £3.5bn package of strategic government investment over the next three years. The key elements of that package are as follows:

- **£2.1bn over the next three years as the first part of a multi-year £6.4bn investment programme to scale up home retrofit schemes across all tenures over this decade**. This would be delivered by the GLA and London boroughs, and would build on the GLA's recently launched Innovation Partnership – a national framework to connect UK building firms with social housing providers – and its

BEIS-funded Social Housing Retrofit Accelerator. The total projected cost over this decade is circa £12.8bn. With a clear long-term commitment from the Government to catalyse wider investment, we believe around 50 per cent of this could be met through boroughs, social housing providers, individual and institutional investors, and others.

- **£53m a year from the next round of the Social Housing Decarbonisation Fund to support innovative, deeper whole-house retrofitting**.

- **£130m of ECO funding a year, under Energy Company Obligation (ECO) 4, to be ringfenced for London**. Londoners have paid £83m annually to the ECO programme through their energy bills under ECO3, while receiving just £32m in return: a shortfall of £51m every year. The Government should devolve powers over the use of ECO funding to London, as it does in Scotland, to allow for better integration with the Mayor's fuel-poverty programmes to support those most in need.

- **£300m of funding per annum over the next three years to decarbonise London's public-sector buildings, building on the existing Public Sector Decarbonisation Scheme, plus £25m per annum to enable the Mayor's successful Retrofit Accelerator to support all of London's public-sector organisations** (including the Government Estate) and SMEs.

- **£60m of support to accelerate supply chain growth by funding an increase in training facilities and courses**, aiming to upskill people in work in the green economy and reskill those out of work.

In addition, the GLA is in discussion with the UK Infrastructure Bank about investing in the Mayor's Energy Efficiency Fund (MEEF) between now and 2023, and in a wider green finance facility for London over the longer term, which we hope the Government will support. **MEEF has an existing pipeline of projects that now require £85m of public-sector funds; this would support the investments that the GLA has made to date.** Additional public funds would unlock a further £140m of private-sector investment into shovel-ready environmental projects.

The UK Infrastructure Bank could also support the Mayor's developing proposals for a finance facility driving more private investment into climate and environmental projects in London, in the form of equity (£500m) and a guarantee (£1.3bn), to enable private-sector finance to flow. This support would lead to benefits across the country. For example, recent investments made by the GLA through MEEF in heat pumps and heat networks, are supporting supply chains in Durham, Kent, Hertfordshire, Lancashire, Leicestershire, Nottinghamshire, Suffolk and Surrey.

Transport decarbonisation

London will play a critical role in supporting the UK's transition to a zero-emission-vehicle fleet, for two reasons. The first is that it is uniquely placed to deliver bus electrification due to the scale of its fleet and its existing track record. Transitioning London's 9,000 buses to zero-emission by 2030 would save 3m tonnes of carbon; and safeguard UK manufacturing of zero-emission vehicles, securing 3,000 UK bus-manufacturing jobs outside London. The second is that with one-third of all the UK's charge points, London is uniquely placed to pilot new and innovative solutions in response to the challenges of electrifying the vehicle fleet.

To ensure the UK gains maximum advantage from these opportunities, however, significant investment will be needed. The Mayor is therefore seeking a £118.5m package over the next three years to help accelerate this transition. This would include:

- £27m over two years to secure the introduction of 1,300 new electric buses by 2024 by using the bus operating model, working collaboratively with bus operators and manufacturers; £70m over three years would introduce 2,150 new electric buses by 2025. This would help to secure the Government's commitment to introduce 4,000 new electric buses by the end of this Parliament. This investment is needed now, to unlock the introduction of zero-emission vehicles on the routes that TfL will contract in the next two years. TfL would then require a funding commitment for seven years from the date of the last contract let under this agreement.

- £20m to deliver shared infrastructure at bus garages in London, accessible by public and commercial fleets and potentially even by private vehicle owners. TfL has identified at least 15 potential sites that would significantly boost London's charging capacity without the need for additional land (one of the biggest challenges).

- At least £17.5m for additional rapid chargers and on-street (lamp-column mounted) residential charging units.

- At least £10m for electric vehicle infrastructure to support the electrification of the public-sector fleets in London.

- £1m to pioneer new data platforms that can then be rolled out at a national level. These would include a world-leading real-time information system for charge points; and the development of a database of commercial fleet activity, as the first step towards a hub for larger commercial vehicle charging.

In addition, the Mayor is seeking UK Infrastructure Bank support for the national transition of zero-emission buses to make this money go further, securing a potential 17 per cent reduction in bus-leasing costs by providing a guarantee on the

residual value of the bus. This will benefit the entire UK bus transition. If the Government's preference is for capital funding rather than an operating subsidy, this can also be achieved under TfL's contracting model. For example, the UK Infrastructure Bank can underwrite zero-emission buses for their entire lives, bringing the buses fully onto the public-sector balance sheet in making this capital expenditure.

Increasing resilience to surface water flooding

Finally, sustainable urban drainage systems (SuDS) need to be retrofitted across London to increase resilience to surface-water flooding. Current funding mechanisms fail to adequately support urban surface-water flood-protection schemes, as they are typically too small to attract national flood risk funding. This is despite them offering significant benefits for a modest investment. Through a recent pilot part-funded by the Department for Environment, Food and Rural Affairs (Defra), we now have evidence for six London boroughs on how multiple smaller SuDS interventions reduce flood risk to properties and so can unlock flood-defence funding. This approach needs expanding across London, to enable the business case to be developed to fund a widespread strategic retrofit of SuDS. London also needs a system for improved early warning ahead of major surface-water flood events, and the Government must lead the way on delivering this. In 2010 £3.2m of Defra 'Drain London' funding led to a step change in evidence on surface-water flood risk. **A decade on, a 'Drain London II' fund is urgently needed to tackle the growing flood risks to the capital from climate change. This package must also include adequate funding for flood and highways authorities to allow them to implement flood risk management measures and maintain drainage infrastructure.**

6. Public health

Investment in public health is critical to tackling inequalities across society, improving general health and wellbeing, and reducing the burden on the NHS, social care system and welfare system, as we begin to recover from the pandemic**.** The Government must maintain investment in public health functions moving to the NHS and the Office for Health Improvement and Disparities, as well as the UK Health Security Agency, when Public Health England is dissolved on 1 October 2021.

Local authority public health teams have been, and continue to be, on the frontline of the response to COVID-19. However, the pandemic has put councils' wider financial survival in doubt. While some emergency financial support was available, and the collection fund compensation scheme will provide some relief, London Councils have identified a significant shortfall. **A continuation of appropriate resource to support local COVID-19 response at a borough level is needed.** This includes maintaining funding to pay for local contact tracing, community rapid testing, and implementing the intense 'multi-resource' hyper-local response to borough 'hotspots' as they arise, among other costs. Without clarity on funding, councils will need to make short-term emergency spending cuts. We cannot afford for this to undermine our London COVID-19 outbreak management plans, and London Councils has called for the Government to provide urgent clarity on financial support for the remainder of the pandemic, as we pivot towards recovery.

We also cannot afford to let efforts to prevent the avoidable burden of poor health and health inequalities on individuals, communities and services, fall away due to lack of funding. Public health interventions provide a large return on investment. London Councils has called on the Government to create as much certainty as possible for the remainder of this parliament by helping London boroughs close their public health budget gaps (£130m) through annual above-inflation increases that also take account of underlying demand pressures in key services. **To ensure that public health gets the funding it needs, London would want to see a reversal of the cuts to local authority public health grants and confirmed year-on-year uplifts in line with inflation and population growth**.

Appendix

The tables below show the additional funding sought through the Spending Review process for the priorities outlined in this submission. The tables focus on specific areas for additional investment, and therefore do not reflect the overall GLA Group budget or government funding already agreed for 2022-23 through specific initiatives such as the Affordable Homes Programme. The 'baseline' column refers to the existing funding allocated for these priorities, where relevant, and future years identify the total level of funding needed each year.

Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS)

£ million	Baseline 2021-22	2022-23	2023-24	2024-25
Revenue				
National and International Capital City Grant	185.3	344.3	344.3	344.3
Accommodation and support for victims of VAWG	0	5.3	5.3	5.3
Sustainable funding for critical services related to VAWG (and other crimes)	10.6	30	30	30
Victim Care Hub (one-off)	0	2	0	0
Partnership funding for services to VAWG victims and preventative/educational work in schools	0	4	4	4
Delivery of new Domestic Abuse Act duty	0	20.6	20.6	20.6
Child sexual abuse – continuation and expansion of existing provision	0.5	1.5	1.5	1.5
Serious youth violence – continued provision	2.7	2.7	2.7	2.7
Serious youth violence – community violence reduction	0.1	0.6	0.6	0.6
Serious youth violence – GPS tagging	1.2	1.2	1.2	1.2
Serious youth violence – integrated offender management	0.1	3.2	3.2	3.2
Criminal justice – female offenders	0.2	1.2	1.2	1.2
Criminal justice diversion	0	1	1	1
Violence Reduction Unit core funding	7	7	7	7
Strategy	1.3	1.6	0.8	0.6
Capital				
Accommodation and support for victims of VAWG	0	20		
Modernisation of critical victims' services	0	3	0	0
Total	**209**	**449.2**	**423.4**	**423.2**

London Fire Brigade (LFB)

£ million	Baseline 2021-22	2022-23	2023-24	2024-25
Revenue				
Risks in the built environment	4	4	4	4
Response to terrorist activity	0	6.6	5.4	5.4
Total	**4**	**10.6**	**9.4**	**9.4**

Transport

£ million	Baseline 2021-22	2022-23	2023-24	2024-25
Revenue				
Operational support (DfT Extraordinary Grant)	1,873	1,200		
Capital				
Rail asset renewal		450	450	450
Core asset resilience		100	100	100
Piccadilly line signalling modernisation		70	70	70
Transport accessibility		25	25	25
Healthy Streets		120	120	120
Stimulating housing growth (including HIF schemes)		135	135	135
Others – specific level dependent on overall income recovery		100	100	100
Total	**1,873**	**2,200**	**1,000**	**1,000**

Housing

£ million	Baseline 2021-22	2022-23	2023-24	2024-25
Revenue				
Thamesmead and Beckton Riverside Public Transport Programme	1	1.4	2	1.4
Longer-term accommodation for rough sleepers	14.2	78.7	78.7	78.7
Community-led Housing Fund	2.6	3.7	2.8	3.6
Capital				
Longer term accommodation for rough sleepers	12	16.2	16.2	16.2
Old Oak Common: Regeneration Programme			25	50
Community-led Housing Fund	12.6	1	3.5	9.3
Total	**42.4**	**101**	**128.2**	**159.2**

Economic recovery

£ million	Baseline 2021-22	2022-23	2023-24	2024-25
Revenue				
Skills Fund (bringing together AEB and other funding streams)	410	410	410	410
Tourism	14	28	14	
Capital				
Increase film/TV studio capacity in London	1	2.6	11.2	20.4
East Bank prolongation costs	12.8	15.2	7.6	
Total	**437.8**	**455.8**	**442.8**	**430.4**

Investment to deliver a 'retrofit revolution' to tackle the climate emergency

£ million	Baseline 2021-22	2022-23	2023-24	2024-25
Capital				
Homes retrofit schemes	29	700	700	700
Social housing decarbonisation	29	53	53	53
Fuel poverty	32	130	130	130
Public sector	119	325	325	325
Supply chain growth	65	60	60	60
Total	**274**	**1,268**	**1,268**	**1,268**

Support for the decarbonisation of transport

£ million	Baseline 2021-22	2022-23	2023-24	2024-25
Revenue				
Bus electrification	0	7	20	43
Data projects	0	1		
Capital				
EV charging infrastructure	0	5.9	5.9	5.9
Public sector fleets	0	3.4	3.3	3.3
Shared infrastructure at bus garages	0	6.6	6.6	6.6
Total	**0**	**23.9**	**35.8**	**58.8**

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