

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2023

**Title:** ADD2023 London Finance Commission 2

### Executive Summary:

The Mayor of London has re-formed the London Finance Commission to review, refresh and revise its original recommendations in light of the changed circumstances, following the UK's vote to leave the European Union.

In order to provide a comprehensive report, the LFC requires a budget to commission research and surveys, hold open evidence hearings, publish and print a final report, as well as meet other costs as they arise in the course of the Commission's work.

It is estimated that the total budget, including contingency will be £50,000. The single largest area of expenditure is commissioning an updated version of the working paper 'International Comparison of Global City Financing', originally completed in January 2013 and which formed a vital part of the Commission's final report for stronger fiscal powers for London government. This will cost £15,000 in total.

Part of its review will include comparing London with other cities outside the UK. It will assess the range of fiscal powers these cities control and compare this with London's. The updated paper will ensure the LFC's evidence is current in making further recommendations to government.

For this part of the budget we are seeking an exemption from the GLA's Contracts and Funding Code which requires the GLA to call off the services required from an accessible framework or conduct an advertised tender for the services required because our supplier (University of Toronto) were integral to completing the initial working paper in May 2013 and the continuation of existing work in making further recommendations to government is vital and cannot be separated from the reconvened London Finance Commission. The supplier is unique in its ability to provide specialist knowledge that builds upon their previous research within the tight deadlines that the research is required in.

### Decision:

That the Head of Paid Service approves:

1. A total budget of £50,000 to allow the London Finance Commission to complete its work
2. Within the total budget, an expenditure of £15,000 to commission the University of Toronto (Institute of Municipal Finance and Governance) to update the International Comparison of Global Financing paper.
  - a. The decision to use an exemption from the GLA's Contracts and Funding Code due to the supplier's previous involvement in this project
  - b. The decision to enter into a contract with the University of Toronto for the update of the International Comparison of Global Financing Paper

### AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Jeff Jacobs

**Position:** Head of Paid Service and Executive Director

**Signature:**



**Date:**

18-10-2016

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

The Mayor of London has re-formed the London Finance Commission to review, refresh and revise its original recommendations in the light of changed circumstances; in particular the referendum vote to leave the EU, the Mayor's new priorities, and the progress on devolution that has been made since the 2013 *Raising the Capital* report. As before, the Commission is to help the Mayor and London's local authorities improve the tax and public spending arrangements for London in order to promote jobs, growth and greater equality. He wants the Commission to examine the potential for greater devolution of both taxation and the control of public expenditure (capital and revenue) to achieve this goal.

#### **2. Objectives and expected outcomes**

The reconvened LFC will assess the additional powers London needs in light of the change circumstances following the vote to leave the European Union and progress on devolution since the Commission's original report, *Raising the Capital* (May 2013). The key objective is the publication of the Commissioners findings through a published report to make a robust case to Government for greater fiscal powers. In order to achieve this outcome and to conduct a robust Commission, the following will need to be completed:

- The Commission to hold four public hearings in Manchester, Birmingham and London (x2).
- Conduct a survey of Londoners
- The Chair of the Commission, Professor Tony Travers, to write - with support of fellow Commissioners - the findings of their research and deliberations.
- Design and printing of the final report
- Commission the University of Toronto to update the International Comparison of Global Financing paper.

In relation to the University of Toronto, part of its review will include comparing London with other cities outside the UK. It will assess the range of fiscal powers these cities control and compare this with London's. The updated paper will ensure the LFC's evidence is current in making further recommendations to government.

Specifically, we are asking the University of Toronto to complete the following work:

- Updates to Tables 1, 4, and 5 in the body of the paper, population figures in Appendix A, and all tables in Appendix B. These tables relate to international comparisons of operating expenditures and taxes per Capita; Distribution of Own-Source Revenues and Structure and Governance of other Cities.
- A scan of the policy context in all seven cities to investigate whether relevant new policies or policy changes have occurred since the paper was published in 2013.
- Update to the literature review presented throughout the paper, and the inclusion of more recent studies and reports.

#### **3. Equality comments**

Officers confirm that there are no adverse implications under the public sector equality duty in relation to the commissioning of the activities described above.

#### **4. Other considerations**

*Please ensure this section covers a) key risks and issues b) links to Mayoral strategies and priorities c) impact assessments and consultations.*

##### a) Key Risks and Issues

- i) We are seeking an exemption from the GLA's Contracts and Funding Code because our supplier (University of Toronto) completed the initial working paper in May 2013 and continuation of existing work, giving them unique experience and expertise in this area. For this reason, the only option is to commission the work from this organisation.

##### b) Links to strategies and Mayoral and corporate priorities:

- i) The work of the London Finance Commission is supported by its aim to promote jobs and growth through financial devolution. Its terms of reference state that the Commission will 'help the Mayor and London's local authorities improve the tax and public spending arrangements for London in order to promote jobs, growth and greater equality'
- ii) The Commission was reconvened in response to the following Mayoral manifesto commitments to: 'work with the alliance of all those who want to get London building to secure the best deal for London from the national government, arguing for more devolution to London'.
- iii) The research that is being procured forms a vital part of the Commission's work.

##### c) Impact assessments and Consultations.

- i) An impact assessment or consultation is not considered necessary because the decision to engage the University of Toronto fits within one of the exemptions to the GLA's Contracts and Funding Code.

#### **5. Financial comments**

Approval is being sought to commit expenditure of up to £50,000 to allow the London Finance Commission to complete its outstanding work. £15,000 will be allocated to the commissioning of the updated version of the working paper 'International Comparison of Global City Financing', and the remainder is being used to meet costs incurred in the course of the Commission's work, as outlined in the body of the report

This will be contained within the 2016/17 Corporate Contingency Budget. Any changes to this proposal will be subject to the Authority's decision making process. All appropriate budget adjustments will be made.

#### **6. Legal comments**

##### a) Sections 1 – 5 of this report indicate that:

- i) the decisions requested of the associate director for economic and business policy (in accordance with the GLA's Contracts and Funding Code) fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the

promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and

ii) in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

(1) pay due regard to the principle that there should be equality of opportunity for all people (further details on equalities are set out in section 3 above) and to the duty under section 149 of the 2010 Act to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not;

(2) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and

(3) consult with appropriate bodies.

b) The services required must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code. Officers must ensure that appropriate contract documentation is put in place and executed by the supplier and the GLA before the commencement of the services.

c) Section 4 of the Contracts and Funding Code (the 'Code') requires the GLA to call off the services required from an accessible framework or conduct an advertised tender for the services required. However, the associate director may approve an exemption from this requirement under section 5 of the Code upon certain specified grounds. One of those grounds is that the approval of the exemption is necessary due to the previous involvement in a specific current project or continuation of existing work which cannot be separated from the new project/work. Officers have indicated at paragraph 4 a) i) of this report that this ground applies and that the proposed contracts affords value for money.

d) On this basis the associate director may approve the proposed exemption if satisfied with the content of this report.

## 7. Planned delivery approach and next steps

Activity	Timeline
Commission research	ASAP
Final public hearing to take place	21 Oct 2016
Full report completed by the University of Toronto	22 October 2016
Commissioners to discuss report	24 November 2016

## Appendices and supporting papers:

- Terms of reference

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

**Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

**Drafting officer:**

James Lee has drafted this report in accordance with GLA procedures and confirms that the Finance and – if relevant- Legal teams have commented on this proposal as required, and this decision reflects their comments.

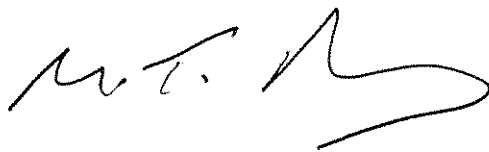
**Corporate Investment Board:**

Corporate Investment Board reviewed this proposal on 10 October 2016.

**HEAD OF FINANCE AND GOVERNANCE:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature:**



**Date:**

17.10.16

