

# **LONDON**ASSEMBLY

## **Pre-Budget Report 2016**

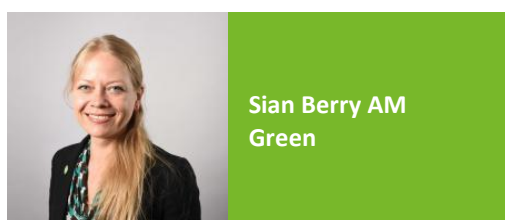


**Budget and Performance Committee**  
**December 2016**

Holding the Mayor to  
account and  
investigating issues that  
matter to Londoners

**LONDON**ASSEMBLY

# Budget and Performance Committee Members



The Budget and Performance Committee holds the Mayor to account for his financial decisions and performance across the Greater London Authority. It is responsible for scrutinising the Mayor's budget proposals for the next year, and carrying out investigations across the Mayor's various policy areas, such as transport, police, fire, housing and regeneration.

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# Gareth Bacon AM

## Chair of the Budget and Performance Committee



London has a new Mayor, and with him come a range of new policies and priorities. My role, as Chairman of the Budget and Performance Committee, is to assess what resources he is putting behind them, and highlight the financial and performance risks his budget needs to manage. So far, this has been quite difficult to do, as many of his budget

proposals have been discussed behind closed doors. It is easy for politicians to praise transparency when they are running for office; it seems to be much harder for them to follow this through. So we ask that the Mayor addresses this and makes the budget process more open and transparent. This will allow us to scrutinise the decisions of the Mayor and help make sure he is making the best use of his £16 billion budget – this is what Londoners elected us to do.

It is easy for politicians to praise transparency when they are running for office; it seems to be much harder for them to follow this through.

Londoners will be aware that there has been a great deal of change this year. In addition to the Mayoral election, the referendum saw the UK voting to leave the EU. Almost immediately after this a new Prime Minister took charge with many ministerial changes. We will have to see how the relationship between City Hall and Westminster plays out in the years to come.

More changes are coming. There is a significant challenge ahead as the Government continues to reform one of the largest areas of the GLA's income – business rates. Plans for devolution will see the GLA receiving a larger share of London's business rates. But increasing volatility, due to next year's revaluation and the appeals that will inevitably follow, means that the GLA will have to work hard to ensure its finances remain stable.

Looking at the various areas of the Mayor's responsibility, he has quite a challenge ahead. We are pleased that the Mayor has secured a favourable housing settlement from government, but it will not be easy to deliver 90,000 affordable homes with it. So far this year, the GLA has only delivered 422 affordable homes.<sup>1</sup> The Mayor's programmes for regeneration in the east, at Stratford, and in the west, at Old Oak and Park Royal, are not progressing according to plan. The Mayor has proposals for other regeneration and economic development programmes across London, but unfortunately

London's share of the Growth Deal 3 funding will not be enough to support them. Tough choices are required.

The finances of Transport for London (TfL) continue to concern us. It has published a new business plan which promises to do much more with less, but it lacks any meaningful detail about how it will actually deliver these promises. We will ask TfL exactly how it will make its planned savings, why it is so confident about its fares income forecasts, and how its investment programme is being affected.

The Met has had success in making savings in recent years, but we still have concerns over the progress of some key strategies, particularly its Digital Policing strategy. We are also disappointed by signs that the Met will no longer report against citywide performance measures. Finally, while the London Fire and Emergency Planning Authority (LFEPA) has submitted a balanced budget proposal to the Mayor, it will have a budget gap from 2020-21. Savings may be expected from greater collaboration with London's other emergency services, as set out in LFEPA's new draft London Safety Plan 2017. But such reforms are likely to be difficult to implement and savings cannot be taken for granted.

# Summary

Policies and priorities are shifting, and the GLA and functional bodies will have to adapt.

In this report, we set out the key financial challenges and risks facing the Mayor as he prepares to publish his first draft GLA Group budget. The last year has seen more change than most, with a new Mayor, a new Prime Minister and a referendum on the UK's membership of the EU. Policies and priorities are shifting, and the GLA and functional bodies will have to adapt.

One area of uncertainty is the relationship between the Mayor and the Government. Even in the last month, while the GLA received a favourable housing settlement from one government department, it also received a setback from another department regarding rail devolution despite intensive lobbying over recent years. It is in everyone's interests for the Mayor and government to develop a constructive working relationship to enable long-term, sustainable planning.

We also know that major changes to business rates will provide another layer of complexity to the GLA's financial planning. Devolution of business rates, and the forthcoming revaluation exercise, will make it harder to forecast an increasingly important element of the Group's income. The Mayor has now announced a 1.99 per cent increase to the police precept to help cover a drop in Home Office funding.<sup>2</sup> No announcement has been made on the Olympic Precept, which is due to end this year.

Fares income... could be less than expected unless TfL solves the problem of London's congested roads.

As we reported in September, TfL is facing a challenging period ahead, delivering the Mayor's fares freeze and dealing with accelerated cuts to its revenue grant from government while trying to protect its capital investment programme. Despite the recent publication of TfL's new business plan, we do not have the detail needed to assess its plans for savings and efficiencies. And we have concerns over TfL's fares income, which could be less than expected unless TfL solves the problem of London's congested roads. There may be additional revenue implications for TfL from the bus hopper fare, as three times as many passengers are making use of it than TfL expected. TfL must improve its forecasts before it rolls out the unlimited hopper ticket in 2018. TfL plans to borrow to invest – by 2021-22 it will have some £12 billion of debt, compared to £9 billion in 2016-17. This will cause the cost of interest to rise by 53 per cent, to £560 million each year by 2021-22. We intend to look at levels of debt across the GLA Group next year. We have particular concerns this year about the performance of the two Mayoral Development Corporations (MDCs) – the London Legacy Development Corporation (LLDC) and the Old Oak and Park Royal Development Corporation (OPDC). The GLA will have to fund LLDC for the foreseeable future as it struggles to manage costs or increase revenue. And the cost of the London Stadium keeps on rising

– another £51 million this year to add to the £31 million last year. This is money that could be spent on other priorities in the Queen Elizabeth Olympic Park, such as affordable housing. The Mayor has branded the OPDC “a mess”, and proposes to cut its budget by some 40 per cent.<sup>3</sup> If performance at OPDC is to improve any time soon the Mayor must tackle the lack of leadership in the organisation and reach an agreement with government over the transfer of public land to OPDC. We welcome the Mayor’s reviews into the performance of both MDCs.

The Mayor has negotiated a favourable settlement with government for one of his key priority areas – affordable housing. It is vital that the Mayor puts this funding to good use. Some of the previous administration’s housing programmes, such as the London Housing Bank, have been disappointing, and the Mayor must get these programmes back on track as soon as possible.

Another of the Mayor’s top priorities is to tackle London’s air pollution problem. His main policy lever will be the Ultra Low Emissions Zone (ULEZ). This work will be funded from TfL’s budget – but, as we have previously noted, TfL is already under great financial pressure. Careful management will be needed if TfL is to deliver the Mayor’s key environmental policy without putting its investment programme at risk.

The Mayor will also have to set a budget that allows the GLA to deliver on his other environmental commitments, such as making London a zero-carbon city by 2050. Some of the GLA’s existing environmental programmes have not performed as expected, so there is a lot of work to do over the next few years just to catch up.

At this stage in the budget process, we are unable to fully assess the financial position of the Met. Compared to the rest of the GLA Group, the Met is still heavily dependent on government funding. The Government has announced it is cutting its funding to the Met by £17.4 million next year; the Mayor intends to offset this by raising council tax.<sup>4</sup> The draft Police and Crime Plan was published earlier this month, and—while it does not require significant extra revenue funding—it does propose changes to the workforce to increase the proportion of staff in front-line roles.

The Met has successfully cut its budget by 20 per cent between 2013-14 and 2015-16, despite struggling with some of its key change programmes. In particular, we remain concerned with the slow progress on the Met’s Digital Policing strategy and the overspending on revenue expenditure while underspending on capital investment. Bringing its IT into the 21<sup>st</sup> century remains one of the Met’s biggest technical and organisational challenges.

The Mayor intends to protect the budget of the London Fire and Emergency Planning Authority (LFEPA) over the next four years, but cost pressures mean it will still have a budget deficit towards the end of this period. The draft London Safety Plan 2017 (LSP 2017) aims to achieve efficiency savings through greater collaboration with the other emergency services. This has been promised many times before, with no tangible success. If collaboration does

We remain concerned with the slow progress on the Met’s Digital Policing strategy.



grow, it may result in significant re-alignment of the workforce and potentially the loss of jobs; further industrial action is therefore a risk. And, as with TfL, we note that LFEPA is increasing its borrowing to finance its capital investment. We are concerned that the interest that will be due on this debt will only exacerbate the revenue budget deficit.

We have already expressed some concerns regarding this year's budget process, transparency and performance monitoring. We ask the Mayor to ensure that the high standards of transparency currently applying to LFEPA will not be lost when LFEPA is abolished and replaced by a new governance structure in 2017. We also ask that financial and performance data is maintained and improved. The Mayor has so far not set any affordable home building targets, and is now proposing the Met's performance measures should be set at a borough, not London, level. Londoners need to be able to hold the Mayor to account on a clear set of agreed performance targets over the next four years. We urge him to recognise the importance of this, and take steps to implement them for the start of the 2017-18 financial year.

# Recommendations

## Recommendation 1

To address our concerns over the transparency and quality of information in this year's budget-setting process, the Mayor should:

- publish the initial GLA Group budget submissions alongside the draft consultation budget
- set out the savings and efficiencies for the GLA and functional bodies for 2017-18 in the draft consultation budget
- explain how the £49 million from the core GLA's General Reserve will be used during 2017-18 in the draft consultation budget
- establish key performance indicators, or target outcomes, for the core GLA against which performance can be monitored – these should be in place for the Q1 monitoring report for 2017-18.

## Recommendation 2

The draft budget should clearly set out the rationale for determining the desired level of the business rates reserve at 2017-18 year end.

## Recommendation 3

In response to this report, the Mayor should state whether he will introduce annual targets for delivering 90,000 new affordable homes. Targets should be in place for the 2017-18 first quarter monitoring report. The GLA should continue to publish the number of new affordable homes it completes, as well as publishing the number of new affordable home starts.

## Recommendation 4

The Mayor should publish his plans for making best use of the budget for the London Housing Bank.

### **Recommendation 5**

The terms of reference for the Mayor's review of the LLDC must:

- include an assessment of the LLDC's approach to transparency to date
- identify steps to improve transparency of the LLDC, particularly with regards to transparency of costs in its capital programme.

### **Recommendation 6**

The Mayor should make the appointment of a new Chair for the OPDC a priority, and quickly publish a plan of key milestones for bringing forward development and regeneration at the Old Oak and Park Royal site.

### **Recommendation 7**

The Mayor should set out his plans for using Growth Deal 3 in his final draft consolidated budget for 2017-18.

### **Recommendation 8**

As the Chair of the TfL Board, the Mayor should ensure that business cases for investment decisions are underpinned by robust forecasts. TfL should publish its:

- modelling for rolling out unlimited bus travel with the hopper ticket by 2018
- forecast for the cost of the hopper ticket in 2016-17
- plans for increasing bus demand and tackling road congestion

### **Recommendation 9**

TfL should publish the details of its plans for achieving efficiency savings of £800 million per year by 2020-21. TfL should include the timescales for achieving the savings set out in the business plan, and an assessment of the impact that these changes will have on TfL, including any job losses.

### **Recommendation 10**

In his consultation budget, the Mayor should clearly set out what resources he is allocating to all of his environmental priorities, including, but not limited to, tackling air pollution and making London a zero-carbon city free by 2050.

### **Recommendation 11**

In his consultation budget, the Mayor should set out his proposals for how the Met's performance will be measured and monitored. This should include details of what outcomes he is expecting MOPAC's budget to deliver, and how local priorities will be overseen.

### **Recommendation 12**

LFEPA should publish its plans for achieving additional efficiencies in 2018-19 and 2019-20 alongside the final LSP 2017.

# 1. Introduction

## Key findings

- A number of factors are combining to make this a particularly uncertain period for the GLA Group. These include personnel and policy changes across the GLA Group; major changes to how the GLA is funded; the Mayor's uncertain relationship with government; and the UK's decision to leave the EU.
- This summer, the Mayor published his plans for revising the GLA's budget process, but it is unclear how successful he has been. Much of what has happened to date has taken place behind closed doors. We have identified a number of key transparency concerns with this approach.
- There will be major changes to business rates—one of the GLA's largest sources of income—in 2017. As a result, the GLA will receive more business rates income, but less grant income from central government. And a major revaluation exercise will increase income volatility as businesses appeal their bills.
- The Mayor is raising council tax for the first time in nine years to help offset a fall in Home Office funding for the Met. We await the Mayor's decision on the Olympic Precept, which is due to end this year.



## Changes across the GLA Group

- 1.1 The GLA is currently experiencing a period of change, with a number of factors combining to make this a particularly uncertain period for the GLA Group. Perhaps most obviously, London has a new Mayor, with new priorities and plans. New strategies will be published in 2017 that will shape the direction of the GLA in the years to come.
- 1.2 Across the GLA Group, the functional bodies are going through a period of change in some of the most senior positions, as well as a new team of Deputy Mayors in City Hall. The Metropolitan Police Service (the Met) has a new Commercial Director and a new Director of Information, and will have a new Commissioner from early 2017. The Mayor's Office of Policing and Crime (MOPAC) has also appointed a new Chief Executive. All of these changes have led to some delays in strategic decisions, as acknowledged by guests at our October Budget and Performance Committee.
- 1.3 Changes are also affecting the London Fire Brigade (LFB). In early 2017 it will have a new Fire Commissioner, and we expect the Government to abolish the London Fire and Emergency Planning Authority from July 2017, giving the Mayor direct responsibility for the LFB. This will include the appointment of a new Deputy Mayor for Fire and Emergency Planning, who will be responsible for the relevant strategic, policy and budgetary powers of the LFB on behalf of the Mayor.

## External factors

- 1.4 The Mayor's relationship with Westminster will also influence decision making in City Hall. In the summer we saw the appointment of a new Prime Minister, and, shortly after, a new Chancellor. It is not yet clear how fruitful this relationship will be for London. In November, the Government provided the Mayor with a favourable affordable housing settlement, and put forward proposals to devolve the work and health programme budget to London, and the adult education budget from 2019-20. But in December, the Secretary of State for Transport denied the Mayor control over the Southeastern rail franchise in a blow to the campaign to secure rail devolution to London. We also await the outcome of the national policing settlement and the National and International Capital City Grant. The Mayor's ability to negotiate favourable deals with Government remains vitally important, even though many government grants are being replaced by retained business rates.
- 1.5 Another factor that may influence the GLA's financial position is the UK's decision to exit the European Union, which has cast some uncertainty over a number of areas. On 3 October 2016, the Chancellor announced that all European funding would be underwritten by the Treasury up until the UK's formal exit from the EU. As such, immediate direct funding issues are unlikely to arise, although it was noted at our 29 September committee meeting that the lack of guaranteed access to some schemes, such as those provided by the

European Investment Bank, may hold back investment in London as a whole. This may have knock-on effects for the GLA in the short-term, particularly with regards to plans for property development and commercial income. Over the longer-term, after the UK exits the EU, there is a question about whether the Government will replace any funding which is lost from the European Social Fund and European Regional Development Fund.

## Changes to the budget process

- 1.6 The Mayor has introduced a new process for setting the GLA Group budget and core GLA budget; it is not yet clear how successful this has been. A key change this year was the introduction of “initial budget submissions” that the GLA and functional bodies were required to submit to the Mayor by 14 October. In previous years, the budget guidance document requested only one budget submission (by the end of November). It is understood that the Mayor has used this new additional stage to challenge the GLA and functional bodies, through a star-chamber process, to try and find additional savings and efficiencies and to focus on his priorities before agreeing the final budget submissions.
- 1.7 The Mayor’s budget guidance, published on 1 July 2016, stated that the Mayor expects to see “significant changes” from the 2016-17 allocation of resources within the GLA and its functional bodies, and a “major re-alignment of resources” in the 2017-18 budget to support his priorities. The guidance contained a requirement for the GLA and its functional bodies to “cross-reference budget adjustments or increases to the relevant commitment in the Mayor’s manifesto or a separate commitment given by the Mayor.”
- 1.8 The budget guidance also set out a “significantly different approach” to the budget process for 2017-18 compared to previous years. It stated that initial funding allocations presented in the document start “a process of de-coupling the sources of income from the spending needs of the GLA and its functional bodies”. We will have to wait for the publication of the Mayor’s consultation budget to see what resource adjustments have been made.

## Transparency

- 1.9 We have identified a number of issues regarding the transparency and quality of information provided in this year’s budget-setting process. These include issues with the initial private budget submissions, the draft core GLA budget, and the absence of any proposed performance measures for the Mayor’s 2017-18 budget. Our concerns in each of these areas are set out below.

### Initial budget submissions from the functional bodies

- 1.10 We have been unable to fully scrutinise the Mayor’s initial budget proposals because he has not published the GLA’s or the functional bodies’ initial budget submissions. Rather, the Mayor received them as private advice, making it hard to assess how successful the Mayor’s new approach to the budget

process has been. The results of the star-chamber process have not been shared with us, and the draft core GLA budget lacks detail about what savings and efficiencies have been identified. Speaking at our 24 November meeting, the Mayor's Chief of Staff said that the Mayor's team has now "dealt with the low hanging fruit" and that it is now looking for opportunities for further efficiencies through initiatives such as collaborative procurement, IT, estates, and shared services. We have heard much in the past about plans for collaborate procurement and would be keen to see details of the Mayor's plans for achieving savings and efficiencies in this area.

- 1.11 We have repeatedly expressed our concerns regarding the lack of transparency with the GLA's budget process. In our 14 July meeting, we asked the Mayor's Chief of Staff to publish the initial budget submissions; he told us that the "Mayor does believe in transparency and does see the value of effective scrutiny and so we are happy to look at that when we get to that point." Following the meeting, we wrote to Mayor to underline our concerns and the Mayor replied "my provisional view remains that the initial budget submission and the detailed templates should remain as private advice to me. However, I am prepared to further consider your request once I have reviewed the contents of the submissions." Disappointingly, we heard at our 24 November meeting that the Mayor had not yet reconsidered whether or not to publish the initial submissions. We were advised at that meeting that the Mayor would make a decision "by the end of next week", but we are yet to receive an update.

#### Core GLA budget

- 1.12 We also have serious concerns regarding the draft core GLA budget, which lacks many elements needed to allow proper scrutiny. Some of this may be due to new processes bedding in, but it has not given us confidence in the way the budget process is working. For example, the draft budget does not link policy commitments with expenditure plans. At present, it contains references to developing new strategies, including a new London Plan and a transport strategy, increasing investment in housing, promoting and enhancing London's economic strengths, and introducing new programmes and initiatives to tackle social integration and inequalities, and providing investment to improve London's environment. But it does not make clear what budgets are intended for each of the policy areas.
- 1.13 We note that changes are being made to the way that reserves are managed across the Group, but the draft budget does not set out the implications for these changes. It shows that the Mayor is reducing the core GLA's General Reserve from £59 million to £10 million (the minimum balance as per the current GLA reserves policy) during 2017-18. But the Mayor has not announced how he intends to use this £49 million. Until the Mayor publishes his plans for using the reserves it is impossible to carry out any meaningful scrutiny of the budgeted expenditure at this stage.

- 1.14 Any reserves that are released should be used to invest for the future, rather than to fund day-to-day business. The draft GLA budget suggests that the surplus reserves may be used on capital programmes or as revenue funding to support the Mayor's priorities. Using reserves to fund core programmes implies that current levels of spending are unsustainable. The Mayor should set out in his budget guidance how he plans to use the surplus reserves for one-off measures, such as transformational projects, rather than using it to fund core programmes.
- 1.15 Finally, unlike the draft GLA budgets in previous years, this year's draft budget does not set out how it will be financed. Usually it provides details of the GLA's income sources, such as retained business rates and the statutory council tax requirement. Although we recognise that the GLA will not have final confirmation of the levels of these income sources until later in the budget process, forecasts should have been included the draft GLA budget.
- 1.16 In previous years, a list of key performance indicators (KPIs) has accompanied the draft GLA budget, but there are none in this year's draft budget. The GLA introduced KPIs in 2013 in response to pressure from this committee, which wanted to see a clearer link between budgets and planned outcomes. If the Mayor does not establish new KPIs relevant to his priorities, this will represent a significant loss in transparency and make it harder for us, and the public, to hold the Mayor to account on delivery against his main policy objectives.
- 1.17 We questioned the Mayor's Chief of Staff about the plans to include KPIs at our July meeting, and we were assured, "that is work I would like to start soon. It may be that we start looking at that in August." At our November meeting we then heard that the Mayor's Chief of Staff was in a process of establishing "target outcomes" for GLA programmes, and that he expected to share them with the Assembly in early 2017. We look forward to seeing these "target outcomes" and will review them with the intention of making constructive suggestions to the Chief of Staff in due course.

## Recommendation 1

To address our concerns over the transparency and quality of information in this year's budget-setting process, the Mayor should:

- publish the initial GLA Group budget submissions alongside the draft consultation budget
- set out the savings and efficiencies for the GLA and functional bodies for 2017-18 in the draft consultation budget
- explain how the £49 million from the core GLA's General Reserve will be used during 2017-18 in the draft consultation budget
- establish key performance indicators, or target outcomes, for the core GLA against which performance can be monitored – these should be in place for the Q1 monitoring report for 2017-18.

## Business rates

- 1.18 The balance of funding for GLA Group activities is changing as government reforms to business rates take effect. The Government has said that 100 per cent business rates retention will be in place by the end of this parliament.<sup>5</sup> For 2017-18 London is a pilot area and the GLA will receive a greater share of business rates collected in the capital but receive less grant income from central government. This introduces opportunities for the GLA but also an element of uncertainty.

### Changes to the business rates regime

- 1.19 The balance of revenue funding has changed in recent years from government grant to business rates. Since 2013-14, business rates income has been split, with central government taking 50 per cent, London boroughs 30 per cent and the GLA 20 per cent. From 2017-18 this will change. The final split between boroughs and the GLA has yet to be formally agreed but we understand that the GLA will likely receive around 37 per cent of the total business rates take in London.<sup>6</sup> In 2017-18 London boroughs will receive 33 per cent and central government 30 per cent. It is not yet clear when London will move to full business rates retention with no central government retention at all, but this is a significant increase in business rates income. Business rates brought in just over £1 billion in 2016-17, 52 per cent of all Mayoral funding.
- 1.20 The GLA's increased revenue from business rates will be set against the withdrawal of certain grants from central government, including TfL's Capital Investment Grant. This introduces a greater sense of uncertainty into the GLA's budget – TfL had previously received a capital funding settlement from government to 2020-21 which was unlikely to change significantly. Now it will have to rely to some extent on how favourable the business rates take is each year, and make revisions to its forecasts for the budgets of future years accordingly.

### Revaluation of business rates

- 1.21 2017 will also see the first full business rates revaluation for seven years, increasing costs for London's businesses and adding further volatility and risk for the GLA budget. It is estimated that London businesses will see a collective rise in their business rates of £885 million, with the average London business having to pay 11 per cent more – some would face much steeper increases.<sup>7</sup> In an open letter to the Secretary of State for Communities and Local Government, the Mayor campaigned alongside every London borough and 32 Business Improvement Districts for additional funding to smooth the transition and cap business rate increases at 12.5 per cent.<sup>8</sup> The All-Party Parliamentary Group on London has also written to the Chancellor to express concerns about the financial implications of the business rates revaluation on London's businesses.<sup>9</sup>



- 1.22 The Chancellor has effectively met the Mayor's call for a 12.5 per cent cap for medium businesses, improving the offer to a 5 per cent cap for smaller businesses. The improved offer to smaller businesses is offset by a higher 42 per cent cap for large businesses. The Government estimates the cost of this transitional funding will be £590 million in London – effectively the Government is protecting London businesses from two-thirds of the £885 million tax increase.<sup>10</sup>

#### Protecting against business rates uncertainty

- 1.23 The increase in business rates retention and the revaluation introduce a far greater sense of uncertainty over business rate revenue for 2017-18. The Mayor plans to protect the GLA Group against volatility in business rates by building the Business Rates Reserve up to £184 million. This figure is based on the single largest annual downswing in business rates income the GLA has seen in the past, of 5.8 per cent.<sup>11</sup> The GLA was budgeting for the reserve to be held at £115 million for the end of 2016-17 so the Mayor must now find an additional £70 million to build up the reserve. The GLA is hoping that the final 2016-17 business rates take will be enough to enable it to build up the reserve for next year to £184 million, although it will not know if it has been successful or not until February 2017 when the boroughs submit their final business rates returns.
- 1.24 Another risk with the business rates revaluation is that a significant number of businesses may appeal against their new rate. When businesses are successful in their appeals the GLA has to pay back some of the income previously collected. At our November meeting, the GLA's Director of Resources suggested that changes to the appeals process are intended to make appeals more difficult to lodge, but if large businesses in London are facing up to 42 per cent rate rises in 2017-18 we may be seeing many more business try and appeal the revaluation.
- 1.25 If the final business rates take from the boroughs is not favourable the Mayor will find it difficult to build up the reserve to £184 million, and he may have to find funds from elsewhere. Furthermore, there is a risk that £184 million may not in fact be an adequate reserve. We note that this amount is based on the worst negative outcome for business rates income to date, but as we have discussed above there are significant changes planned for the business rates regime which may render the approach to estimating the reserve insufficient.
- 1.26 The GLA will have some time to respond to any significant variation in business rates intake. There is a protracted timescale for receiving business rates income: boroughs collect initial business rates throughout the financial year, then submit returns to the GLA and central government in February 2017 and *then* the final business rates take is agreed the following financial year. Cash flows are finalised afterwards and surpluses or deficits are then addressed the following year, making it essentially a three year cycle. This provides the GLA with some time to react to business rates volatility and manage future budgets in response.

## Recommendation 2

The draft budget should clearly set out the rationale for determining the desired level of the business rates reserve at 2017-18 year end.

### Council tax

- 1.27 The Mayor announced on 16 December that he would be raising the police precept element of council tax by 1.99 per cent.<sup>12</sup> This is the first rise in the GLA element of council tax since the 2008-09 financial year. The Home Office grant to the Met for 2017-18 will be £17.4 million less than in 2016-17; the Mayor has decided to increase council tax to raise an extra £11.2 million, and will use £6.2 million from other council tax income to fully offset the loss in government funding.
- 1.28 No announcements have been made about whether the Mayor will be replacing the Olympic Precept, which is due to end this year.<sup>13</sup> We await confirmation in the Mayor's consultation budget about the future of the Olympic Precept.

## 2. Housing

### Key findings

- Housing is the Mayor's top priority and he has been successful in negotiating a favourable housing settlement from Government.
- It is vital that this funding is put to good use. Homes for Londoners must be successful in addressing the challenges ahead.
- Some of the previous Mayor's affordable housing programmes will continue for several years yet. To date, the performance of the London Housing Bank has been particularly disappointing, and the Mayor must improve the performance of this programme to ensure it does not become a wasted resource.
- We have identified examples where the Mayor's priority for affordable housing conflicts with the needs of the functional bodies to cash in on their assets.
- In order to see the numbers of affordable housing increase across London, the Mayor needs to be successful in tackling the current issues in the planning system.

## Delivering affordable housing in London

- 2.1 Housing is the Mayor's top priority and he has succeeded in negotiating a favourable housing settlement for London. In the Autumn Statement, the Government announced that the GLA's affordable housing settlement is confirmed at £3.15 billion, covering 2016-21. This settlement is better than what the GLA was expecting: the previous 2015-18 settlement provided London with £1.25 billion over three years—or £410 million a year—whereas the 2016-20 settlements provides £630 million a year. In exchange for this settlement, the Mayor must deliver 90,000 housing starts by 2020-21.
- 2.2 To meet the 90,000 targets for affordable housing, the Mayor must ensure that his new funding programme is attractive to Registered Providers and developers. On 29 November the Mayor published his 2016-2021 affordable homes programme funding guidance. The guidance aims to set out how he will use the £3.15bn housing settlement to deliver "at least 90,000 homes" composed of three affordable products (London Affordable Rent, London Living Rent, and London Shared Ownership). The Mayor expects that most of these homes will be delivered by housing associations, with a requirement to produce plans to deliver 50 to 60 per cent affordable housing.
- 2.3 The Mayor argues that the capital needs 50,000 new homes a year, but has not yet set any annual targets for delivery. In his manifesto, the Mayor pledged to "tackle the housing crisis, building thousands more homes for Londoners each year, setting an ambitious target of 50 per cent of new homes being genuinely affordable, and getting a better deal for renters." He must now set out how many new homes he will be delivering each year using the GLA's affordable housing funding to meet these commitments.

### Recommendation 3

In response to this report, the Mayor should state whether he will introduce annual targets for delivering 90,000 new affordable homes. Targets should be in place for the 2017-18 first quarter monitoring report. The GLA should continue to publish the number of new affordable homes it completes, as well as publishing the number of new affordable home starts.

## Homes for Londoners

- 2.4 The Mayor believes that the key to tackling the housing crisis is with 'Homes for Londoners'. On 1 August, he established a "new and powerful team at the heart of City Hall", with responsibility for building homes for social rent, homes for London Living Rent, and homes for first-time buyers to part-rent, part-buy. He approved a governance framework which includes a new 'Homes for Londoners Board', the Deputy Mayor's Housing Investment and Policy Panel and a Single Programme Office. He has commissioned a review of the

current housing, land, planning and development capacity across the GLA, TfL and the wider GLA Group. In addition he has approved expenditure of £250,000 for the recruitment of an interim expert viability team and £200,000 to support Homes for Londoners and to provide technical advice.

- 2.5 Yet we are still not clear what Homes for Londoners means. Speaking at our November meeting, the Executive Director of Housing and Land, explained “we are doing a lot of work at the moment to define a bit more clearly what we mean by Homes for Londoners. I think it is clear that Homes for Londoners is intended to represent a closer bringing together of the various efforts across the GLA family in the areas of land, development and housing... The question then is, what does that mean?” The Mayor will need to fast track his plans for Homes for Londoners if he is going to be successful in delivering his housing commitments.

## Existing housing programmes

- 2.6 The Mayor is proposing to continue some of the previous administrations housing programmes, but we question whether they are the best use of the budget. This is not a new issue: last year, our Pre-Budget Report identified issues with Mayor Johnson’s Housing Zones programme and the London Housing Bank (LHB). It noted that the delivery of affordable homes might be slower through the Housing Zone programme, and the Mayor should set out alternative uses for the LHB as it was failing to lend any funds.
- 2.7 The GLA recognises that there are issues with these programmes. The Executive Director of Housing and Land has told us that Housing Zones are “inevitably quite complicated.”<sup>14</sup> Having had a slow start, with a nil spend in Quarter 1, we note that the Housing Zones programme has now ramped up, to the extent that it is showing it is expected to provide an additional £10 million in loans than forecast, and it is forecasting an overspend of £60 million in grant funding.<sup>15</sup> The Housing Zones project is rated amber due to the “complexity of the programme and the risks involved.”
- 2.8 We understand that a “review of the Housing Zones programme is currently being undertaken to explore how it can be accelerated and the proportions of affordable housing maximised.”<sup>16</sup> The Housing Zones programme is relatively new, having been launched in 2014 by the previous Mayor and Chancellor, and it may need more time to become effective.
- 2.9 Another one of the previous Mayor’s programmes, the London Housing Bank (LHB), continues to disappoint. To date, the LHB has not provided any loans to developers and the Assistant Director - Policy, Programme and Services, Housing and Land, has said that he is “personally quite disappointed by the progress that we have made with the London Housing Bank.”<sup>17</sup> We heard from the Executive Director of Housing and Land that the progress of the LHB had “been slower to get going than we anticipated; I would not suggest otherwise.” He added that “one of the perils of being an innovative investment authority is that sometimes new ideas take a little while to take



root.” The GLA’s Quarter 2 report shows that the LHB is forecasting an underspend of £31 million, due to the withdrawal of a potential £52 million contract by a developer. The GLA is currently in discussions with the Department for Communities and Local Government (DCLG) to have the unspent balance of £31 million transferred to the Housing Zone programme.<sup>18</sup>

- 2.10 We question whether the Mayor has properly reviewed the performance of the current programmes. The Mayor’s affordable homes funding guidance notes that “following the completion of a review of the Housing Zones investment programme, the Mayor may consider moving funds into this programme.” But the draft GLA budget, published two weeks *before* the funding guidance, maintains funding for Housing Zones and re-profiles the 2016-17 £200 million budget for the LHB through to 2020-21.<sup>19</sup>
- 2.11 The Mayor must decide quickly how to best allocate his affordable housing settlement to deliver affordable homes in London. While the programmes of the previous administration ‘take root’, London’s housing crisis continues.

## Recommendation 4

The Mayor should publish his plans for making best use of the budget for the London Housing Bank.

## Clashing priorities

- 2.12 There are currently tensions between the Mayor’s desire to maximise affordable housing from surplus GLA Group land and the needs of the functional bodies to cash in on their assets. In our September 2016 report, *Transport for London’s Financial Challenge*, we highlighted a tension between TfL’s commercial strategy for property development, which focuses on retaining and developing its assets to generate an ongoing revenue stream, with the Mayor’s wish to maximise the delivery of affordable housing on public land. The Mayor’s decision to insist on the construction of 50 per cent affordable housing on TfL land at Kidbrooke may be an indicator of how this tension is being handled, with the Mayor being willing to take a more directive approach. The Assistant Director of Group Finance told the Budget Monitoring Sub-Committee that the GLA is seeking to mitigate any mismatch between TfL’s need for income, and the Mayor’s aim for affordable housing, by using the GLA’s affordable housing grant to “square that circle.” We may see these tensions increasing over the next year, as the functional bodies, boroughs and private landowners seek to achieve maximum value on their developable land, possibly to the detriment of the Mayor’s commitment to deliver 50 per cent affordable housing.
- 2.13 We have identified the same tension between the Mayor’s policy and the requirements of the police. In October the Met told us that “clearly if you enhance the number of affordable homes on a site the value of that site might fall... There is a tension because there is an impact. Discussions are happening

with MOPAC and the GLA at the moment as to how that is squared between the housing requirements and the need from the Mayor's office for housing, and equally the fiduciary duty of MOPAC.”<sup>20</sup>

- 2.14 As the Mayor firms up his strategy for ensuring that 50 per cent of all new homes are affordable, these tensions are likely to play out across the GLA Group. The Mayor is setting up a new “Single Programme Office” which is charged with supporting his housing ambitions, but it is too early to say whether it will be able to support an increased delivery of affordable homes than under the previous administration. One of its aims is to develop a single protocol for GLA Group land disposals. When our committee explored this topic last year we were advised that the organisations in the GLA Group have such different requirements that a single protocol would not be appropriate. Going forward, we will be keen to see whether this protocol will be approved, and how it will work in practice.

## Tackling the planning system

- 2.15 There are issues in the current planning system that the Mayor is aiming to address through his new draft Supplementary Planning Guidance (SPG), but the results of these changes are going to take some time to take effect. In 2014-15, only 13 per cent of homes given planning permission were affordable. The Budget Monitoring Sub-Committee heard that it is “going to take some time before the planning provisions being approved under the current Mayor translate into a pipeline. We have got a challenge of a drag on delivery if there are not as many permissions for affordable housing as we would like.” The number of permissions for 2015-16 has not been published yet but it is assumed to be only “very marginally better”.
- 2.16 The Mayor may find that the SPG increases the provision of affordable housing on some sites but it is unlikely that all housing developments will deliver 50 per cent affordable homes. The new guidance aims to fast-track developments that propose a minimum of 35 per cent affordable housing on site. The SPG states that “applications that meet or exceed the 35 per cent threshold are not required to submit viability information.” As the viability assessment process is often long, developers may be incentivised to produce plans to deliver 35 per cent affordable housing to fast-track their developments, but not necessarily commit to delivering the Mayor's aim for 50 per cent of homes being “genuinely affordable”. The Mayor may need to use his affordable housing grant settlement to ‘top-up’ the number of affordable homes.

# 3. Regeneration and economic development

## Key findings

- The Mayoral Development Corporations continue to underperform and they remain a significant risk for the Mayor. Regeneration opportunities are under threat, in part because of a lack of leadership – the Chair of the London Legacy Development Corporation's (LLDC) resigned in November and the Chair of the Old Oak and Park Royal Development Corporation (OPDC) resigned in May.
- The finances of the LLDC are not improving. It continues to make operating losses and to rely on the GLA for funding. The cost of the London Stadium has increased by another £51 million this year; this is money that could have been spent building affordable housing on the site.
- The Mayor has branded the OPDC a mess and is proposing to cut its budget by 40 per cent. The OPDC needs strong leadership and a clear plan to move this huge project forward.
- London's share of the Growth Deal 3 funding is not enough to support the Mayor's planned regeneration and economic development.

## Performance of the Mayoral Development Corporations

- 3.1 The Mayoral Development Corporations—the Mayor’s key vehicles for delivering regeneration across two major sites in London—continue to underperform and they remain a risk for the GLA’s budget. The London Legacy Development Corporation (LLDC) is forecasting another loss in 2017-18 and the cost of transforming the London Stadium has gone up again this year. And the Old Oak and Park Royal Development Corporation appears to be in disarray, lacking any clear leadership or direction.

### London Legacy Development Corporation

- 3.2 The finances and performance of the LLDC are deteriorating, and it will be a drain on the GLA’s revenue budget for years to come. The LLDC expects to make an operating loss of £23 million during 2016-17, and has admitted that “cost reduction and commercial income opportunities... are unlikely to eliminate the deficit and additional funding will be sought from the GLA”.
- 3.3 The LLDC’s capital budget continues to be dominated by the saga around the London Stadium. Four years on from hosting the 2012 Games, the cost for the stadium has tripled from an original estimate of £250 million to £752 million. On 14 December 2016, LLDC told us its latest cost increase of £51 million includes £21 million due to issues with the retractable seating, £14 million further investment in the venue, £12 million of contingency spend and £4 million of LLDC’s own costs on insurance. On 14 December, the Budget Monitoring Sub-Committee was assured by the LLDC’s Chief Executive that this is “the final number ... and the work is finished.” The cost will be paid by the LLDC out of its capital receipts elsewhere in the Queen Elizabeth Olympic Park.<sup>21</sup> This means that the LLDC will have less to invest in other priority areas, such as providing affordable housing or completing other development projects in the Park. We made the same point in 2014 when the cost of the stadium roof works increased by £36 million. It is simply not good enough to repeatedly meet cost increases from capital receipts.
- 3.4 The LLDC has now confirmed that the annual revenue cost of the retractable seating will also be significantly higher than previously budgeted, although the Chief Executive of the LLDC did stress that the £8 million figure found in the media was an estimate only.<sup>22</sup> Coupled with the breakdown of a naming-rights deal for the stadium,<sup>23</sup> the viability of the stadium in revenue terms may now be in question, as well as the capital outlay.
- 3.5 While the extra capital cost will be funded from future capital receipts in the long-term, it may also produce a short-term financing issue. Some of the £51 million extra cost is likely to fall in 2016-17, with contractors needing payment. Yet the LLDC’s cash position is already precarious: it held only £6 million in readily available cash as at the beginning of 2016-17 – it has no large cash balances with which to pay for immediate costs. The LLDC will need to

borrow more from the GLA to manage this short-term cash flow problem; it was already due to owe the GLA some £332.5 million by the end of 2016-17, and had increased its authorised borrowing limit from £320 million in 2015-16 to £400 million in 2016-17. It could therefore borrow an additional £51 million within this limit, but more borrowing also means higher interest costs. Borrowing £51 million from the Public Works Loan Board (PWLb) will cost the LLDC around £1.5 million a year (based on the current rate of 3.03 per cent for the 50-year PWLB loan rate already used for the rolling loan facility between LLDC and the GLA).

- 3.6 The LLDC had been due to pay back some of its loan to the GLA in 2017-18, but will have to borrow more instead. According to its 2015-16 accounts, the LLDC had planned to pay back £54.6 million in 2017-18; one year later and this repayment has been put off for another year, with the LLDC now looking to borrow £46.7 million in 2017-18 instead – a net swing of over £110 million. The LLDC now plans to repay £84.6 million in 2018-19, but whether this is achievable depends on the LLDC's ability to generate capital receipts from its land, and its ability to prevent further cost escalation on the stadium.
- 3.7 The Mayor must look at the leadership and capacity of the LLDC and decide for himself whether further changes are needed. The LLDC's Chair resigned in November after the latest cost escalation was revealed in the media. Strong leadership will be needed if the LLDC is going to succeed in delivering the regeneration that had been promised in this part of east London without costing the public purse more.

## Recommendation 5

The terms of reference for the Mayor's review of the LLDC must:

- include an assessment of the LLDC's approach to transparency to date
- identify steps to improve transparency of the LLDC, particularly with regards to transparency of costs in its capital programme.

### Old Oak and Park Royal Development Corporation

- 3.8 The Mayor has branded the Old Oak and Park Royal Development Corporation (OPDC) "a mess". If this is the case then he needs to take firm action to get this huge project back on track. One month after taking office, the Mayor called a formal investigation into the OPDC and an unofficial "temporary suspension of programmed activity pending the outcome of the Mayor's review".<sup>24</sup> As a result, the OPDC's activity has been delayed and it is forecasting a £2.8 million underspend against its £11.4 million budget for 2016-17. And the Mayor is now proposing to cut the OPDC's budget to £6.9 million in 2017-18.
- 3.9 The terms under which the OPDC takes ownership of the land at this site need to be resolved if any progress is to be made. Three-quarters of the land is



currently owned by the Department for Transport (DfT). In March 2016, the OPDC signed a Memorandum of Understanding with DfT, stating that land transfer “should be on commercial terms unless otherwise agreed”. This would clearly be a hugely expensive transaction for the OPDC to take on, and the Mayor’s review has criticised the terms of this provisional deal. The Mayor has asked for the land to be transferred on “terms akin to those offered when Greenwich Peninsula was transferred [from the Homes and Communities Agency] to the GLA in 2012” – in other words, at no cost. It seems unlikely that the DfT would agree to transfer this land to the OPDC with no costs attached, particularly in view of the frosty relationship between the Mayor and the Secretary of State for Transport.

- 3.10 The OPDC needs strong leadership to take forward the original plans for regeneration at the site. The OPDC has lacked clear leadership since the Mayoral election, operating without a Chair since Sir Edward Lister’s resignation on 5 May 2016. The site has huge regeneration potential at Old Oak (24,000 new homes and 50,000 jobs) and Park Royal (1,500 new homes and 10,000 new jobs). The Mayor must get a grip on the situation, starting with the appointment of a new Chair to provide some clear strategic direction to the organisation.

## Recommendation 6

The Mayor should make the appointment of a new Chair for the OPDC a priority, and quickly publish a plan of key milestones for bringing forward development and regeneration at the Old Oak and Park Royal site.

## The GLA’s programmes for regeneration and economic development

- 3.11 London and the South East have been awarded a favourable proportion of the national Growth Fund 3 funding. The Government confirmed in the Autumn Statement that London and the South East will receive £492 million between 2017-18 and 2020-21 – some 27 per cent of the national pot. Under the previous two Growth Deals, London and the South East received 11 per cent of total government funding. How the £492 million will be split between London and the South East is currently unclear.
- 3.12 The deal falls short of the £478 million the London Enterprise Panel (LEP) bid for in July 2016.<sup>25</sup> This included:
- £160 million for the Skills for Londoners Capital Fund
  - £113 million for the Growth Enabling Infrastructure Fund
  - £110 million to support London’s local economies
  - £60 million to help unlock new small sites to release to small and medium housing developers

- £30 million for the Air Quality Programme
- £5 million for the Small and Medium-sized Enterprise Loan Scale-Up Fund

3.13 The Mayor's plans to support regeneration and economic development in London are therefore at risk. The LEP had planned to use this funding to unlock £1.4 billion of private sector development, create over 10,000 jobs and more than 29,000 apprenticeships, and support 27,000 students into employment. The LEP will have to review its plans in view of the funding available. It is unlikely that London's share of the Growth Fund will be known by the time the Mayor publishes his consultation budget. The Mayor should therefore set out his plans for using this funding in his final draft consolidated budget for 2017-18, due in March 2017.

## Recommendation 7

The Mayor should set out his plans for using Growth Deal 3 in his final draft consolidated budget for 2017-18.

# 4. Transport

## Key findings

- We remain concerned over TfL's finances. Its recently-published business plan does not provide enough detail on plans to deliver efficiency savings, or on how TfL's renewals and investment programmes might be affected.
- TfL's forecasts for bus fares income will require further analysis. Despite falling demand and a fares freeze, TfL has budgeted for a 20 per cent increase in bus fare income over five years. The bus hopper ticket may also cost TfL more than it had forecast.
- TfL plans to hugely increase its borrowing to finance its business plan. Its level of debt will grow to more than £12 billion, and interest costs will increase by over 50 per cent.

## TfL's financial position

- 4.1 As we concluded in our September report, *TfL's financial challenge*, these are tough times for TfL. In November 2015, the Government announced it would be cutting its revenue grant to zero by 2018-19 – two years earlier than planned. And the situation was made even tougher when the Mayor was elected on a promise to freeze fares for four years, at a cost to TfL of some £640 million.
- 4.2 TfL's new business plan, published on 8 December, provides some clues as to how these challenges will be met. But it leaves plenty of questions still unanswered; we highlight some issues here, and we will challenge the Commissioner and the Deputy Mayor for Transport when they come before us in early January.

## Income

- 4.3 TfL now expects to generate £1.9 billion less in fares over the next four years, compared to when it published its previous business plan in March 2016.<sup>26</sup> Part of this is due to the cost of implementing the Mayor's fares freeze and the bus hopper ticket, but some also appears to be from revised passenger forecasts – further analysis will be required to fully understand the reasons behind these changes.

**Table 1: TfL's fares income over the next four years will be £1.9 billion less than set out in its previous business plan**

(£ millions)	2017-18	2018-19	2019-20	2020-21	Total
March 2016	5,117	5,584	6,165	6,621	23,487
December 2016	4,877	5,120	5,563	6,030	21,590
Change	-240	-464	-602	-591	-1,897

- 4.4 We even have concerns that TfL will be able to meet its revised, lower, fares forecasts. In particular, much depends on TfL's ability to increase fares from its bus services. After many years of growth, bus passenger numbers have fallen recently – largely because of problems with worsening congestion on London's roads, something the Transport Committee is currently investigating. TfL's business plan assumes that the number of car trips will stay the same over the next five years and road space will be given over to the public realm, with walking and cycling improvements. These plans may worsen the congestion on the bus network.
- 4.5 Yet TfL is forecasting an 11 per cent increase in bus passenger numbers and a 20 per cent increase in bus fare income over the next five years despite declining bus usage, the fares freeze and the introduction of the hopper ticket. We look forward to understanding TfL's reasoning behind these figures.

- 4.6 To add to our concerns, we think TfL may have underestimated demand for the bus hopper ticket, and this could leave another dent in its finances. In September, TfL estimated that the net annual cost of the hopper fare would be approximately £31 million based on a forecast of 30 million journeys a year – around 580,000 journeys a week.<sup>27</sup> On 21 October 2016 – less than six weeks after the rollout of the hopper ticket – the Mayor announced that 10 million bus journeys had already been taken with the hopper ticket – around 1.8 million journeys a week.
- 4.7 If the figures in the Mayor’s 21 October 2016 announcement are correct—and if this pattern is sustained—TfL could lose more than the £31 million a year it had forecast. And the cost of the hopper ticket will grow further when it starts to cover unlimited bus trips by 2018. TfL needs to reassess the financial implications of this ticket on its fares income.
- 4.8 Accurate forecasting is a vital part of building robust business cases on which investment decisions are made. TfL needs to learn the lessons of these examples. To assess how the rollout of the unlimited hopper ticket will affect TfL’s finances, it must publish revised forecasts for hopper ticket usage going forward. And, in future, the TfL Board must provide sufficient challenge to new proposals before they are approved.

## Recommendation 8

As the Chair of the TfL Board, the Mayor should ensure that business cases for investment decisions are underpinned by robust forecasts. TfL should publish its:

- modelling for rolling out unlimited bus travel with the hopper ticket by 2018
- forecast for the cost of the hopper ticket in 2016-17
- plans for increasing bus demand and tackling road congestion.

## Expenditure

- 4.9 In view of the risks highlighted regarding TfL’s fares income, TfL’s efforts to reduce its operating costs become even more important. Its business plans describes a number of steps it is now taking to drive down costs:
- Merging functions to create efficiencies
  - Reducing management layers
  - Cost reductions across areas that support our operational business
  - Less reliance on agency staff
  - Negotiating better deals with our suppliers
  - Sensible and considered value engineering in delivering our major projects

- 4.10 Unfortunately, while the business plan—and the press releases that preceded it—contains a number of striking figures and some broad-brush plans for cutting costs, we are still waiting for the detail behind the headlines. As we concluded in our September 2016 report, “some of the specific savings targets appear to be unsupported by evidence”. An annual efficiency saving of £800 million per year by 2020-21, and £2 billion of savings by renegotiating contracts with suppliers both sound positive. But we will need to find out more before we can make an informed judgment on TfL’s plans.
- 4.11 It does not help that some of the planned savings just do not add up: on 24 August 2016, the Mayor announced that TfL would be moving maintenance work on the Jubilee, Northern and Piccadilly line in-house in order to save £80 million over 10 years from 2018. The Mayor’s 8 December announcement repeats these savings, but states that the savings will be delivered over five years, not ten. The Mayor and TfL need to be clearer, and more careful, when making such announcements.

## Recommendation 9

TfL should publish the details of its plans for achieving efficiency savings of £800 million per year by 2020-21. TfL should include the timescales for achieving the savings set out in the business plan, and an assessment of the impact that these changes will have on TfL, including any job losses.

## Capital renewals and investment

- 4.12 Without more information, it is not possible to assess exactly how TfL’s programme of renewals and investment will be affected. According to the business plan, TfL plans to cut its renewals costs by 28 per cent over the next four years. If achieved purely through efficiency savings, this would be an impressive exercise. Indeed, the largest saving comes in the very first year of the business plan period. TfL must have measures in place to secure this saving so quickly; otherwise, we suspect the savings would have been loaded towards the later years of the plan. We therefore expect TfL to explain these plans to us in some detail over the coming weeks.

**Table 2: TfL will spend £1.1 billion less on capital renewals over the next four years, compared to its previous business plan<sup>28</sup>**

(£ millions)	2017-18	2018-19	2019-20	2020-21	Total
March 2016	1,021	1,059	930	996	4,006
December 2016	659	737	728	767	2,891
Change	-362	-322	-202	-229	-1,115

- 4.13 In terms of capital investment, TfL has not provided us with the information we requested in order to compare costs and milestones against the last business plan, as we specifically asked for in our September report. All we can say at this stage is that TfL plans to increase its capital investment over the next four years by £500 million (10 per cent) compared to the previous business plan. It is not clear whether this is positive in terms of additional investment or accelerating delivery, or negative in terms of cost escalation.

## Borrowing

- 4.14 TfL is going to borrow heavily to finance its business plan. Over the five years of the business plan, TfL will borrow an additional £3.1 billion, taking its total debt from £8.98 billion in 2016-17 to £12.09 billion in 2021-22, an increase of 35 per cent.<sup>29</sup> Its borrowing is very near the limit set by DfT..<sup>30</sup> Furthermore, the financing costs associated with this borrowing—mainly interest payments—are expected to increase by 53 per cent from £363 million in 2016-17 to £556 million in 2021-22. TfL will therefore spend more money servicing its debt in 2021-22 than it will spend running the Overground, the Docklands Light Railway and London Trams together. At a time of historically low interest rates, and such steep forecast population growth, borrowing to invest may make sense. But TfL needs to borrow prudently and invest carefully.



# 5. Environment

## Key findings

- The Mayor is planning to increase the level of expenditure tackling London's air pollution problem. TfL, which already faces significant financial pressure, will fund £875 million towards this over five years.
- London is not on course to become a zero-carbon city by 2050. The Mayor will need to ensure that this, and other environmental priorities, receives appropriate levels of funding to drive up performance. He will also need to set out clear milestones and targets to allow performance to be monitored effectively.

## Tackling air pollution

- 5.1 The Mayor is investing extra resources to tackle London's polluted air, which he has described as our "most pressing environmental challenge". Most of this will be spent on the Ultra Low Emissions Zone (ULEZ), which the Mayor plans to expand and introduce sooner than originally planned. TfL will invest £875 million over the next five years tackling air pollution, compared to £425 million within the previous TfL business plan (published in March 2016). As we have noted in chapter four, TfL is already under severe financial strain. The Mayor and TfL therefore have to make some difficult decisions regarding how to invest its more limited resources.

## Other environmental priorities

- 5.2 Among the other environmental challenges facing the Mayor, perhaps the toughest is to make London a zero-carbon city by 2050. This is an increased ambition from the previous Mayor's commitment to deliver an 80 per cent reduction in carbon emissions by 2050 – a target that the GLA was already behind schedule to achieve. In November 2015, the Environment Committee found that City Hall had retrofitted only 113,000 homes with energy efficiency measures against a target of 500,000, and was already 15 million tonnes of CO<sub>2</sub> behind schedule.<sup>31</sup> The Mayor will need to take decisive action to cut London's carbon emissions and get on track for 2050. He will also need the support of Government, for example to increase renewable energy supply in London.
- 5.3 The draft core GLA budget for 2017-18 proposes to allocate an additional £1.2 million to the GLA's Environment Team. We heard from the GLA's Executive Director of Development, Enterprise and Environment, that her team is currently working on the development of the London Environment Strategy and links to the London Plan;; the establishment of Energy for Londoners; plans to make London a National Park City; a Sustainable Drainage Action Plan; work to make a "strong case to use the surplus from the London Green Fund to reinvest in retrofit and particularly in homes retrofit"; and reviewing the Boiler Scrappage Scheme.<sup>32</sup> In view of the environmental challenges facing London, the Mayor needs to ensure he allocates an appropriate level of funding. We would therefore welcome greater clarity about the balance of resources allocated to the Mayor's environmental priorities, and what targets and milestones are likely to be included in the forthcoming Environment Strategy.

### Recommendation 10

In his consultation budget, the Mayor should clearly set out what resources he is allocating to all of his environmental priorities, including, but not limited to, tackling air pollution and making London a zero-carbon city by 2050.

# 6. Police

## Key findings

- The Government has announced it is cutting the Met's funding in 2017-18. The draft 2017-18 Police Grant Report reduces the Met's Home Office Funding by £17.4 million, although the Mayor is intending to offset this by raising council tax.
- The draft Police and Crime Plan does not require significant extra revenue funding, but it proposes changes to the workforce to increase the proportion of staff in front-line roles.
- Progress to date in achieving savings and efficiencies has been good - the Met achieved its 20:20:20 target of cutting its budget by 20 per cent.
- The draft Police and Crime Plan proposes performance measures agreed at the borough level. A way of measuring the Met's performance at the London level needs to be determined.
- There are still major risks associated with some of the Met's key strategies. It continues to struggle with Digital Policing, underspending on capital investment and overspending on revenue expenditure.

## Funding the Met

- 6.1 The Government has announced it is cutting the Met's funding in 2017-18 – the Met will be the only police service in England to have its funding cut in this way next year. The Police Grant Report, published by the Home Office on 15 December 2016, confirms that the Met is facing a £17.4 million (0.7 per cent) reduction compared to 2016-17 funding.<sup>33</sup> The Government had committed to keeping funding for police services flat in cash terms where police precepts had been increased by the maximum 1.99 per cent.<sup>34</sup> The cut in government funding is therefore a result of the previous Mayor's decision to reduce the police precept in 2016-17 (by 3.24 per cent). How the cut in funding is managed is a decision for the current Mayor.
- 6.2 The Mayor has responded to the cut in funding by announcing an increase in council tax – specifically, a 1.99 per cent increase in the police precept element of council tax. The 1.99 per cent increase is the most that the Mayor can raise council tax by without triggering a local referendum, and it will raise an estimated additional £11.2 million. The Mayor has stated he will use a further £6.2 million of council tax income to fully offset the funding cut. It is not yet clear what impact this might have elsewhere in the GLA Group.
- 6.3 The police's negotiations with the Home Office over the National and International Capital City Grant appear to have failed. MOPAC and the Met believe the grant does not adequately cover the extra resources London needs as a major global city – in 2016-17 this was worth a further £174 million and it remains unchanged in the 2017-18 Police Grant Report.<sup>35</sup> Any shortfall will need to be made up from elsewhere in the Met's budget.

## The draft Police and Crime Plan

- 6.4 Set against the backdrop of austerity in police funding, the draft Police and Crime Plan does not include any areas requiring significant extra resources. Instead, much of the language refers to partnership working and new approaches to operations. For example, while the Mayor promises two dedicated Police Constables (PCs) and one dedicated Police Community Support Officer (PCSOs) for every ward in London, this will be delivered through a redistribution of officers, rather than an increase on current levels.
- 6.5 The Met must ensure that any planned organisational changes are not to the detriment of performance. The draft Police and Crime Plan states that by 2020, at least 85 per cent of the Met's budget will be spent on the front line and services directly supporting front line activity.<sup>36</sup> The plan does not set out what the current split is between front-line and non-front line staff, but the implication of the commitment to increase the proportion of Met staff in front-line positions is that some organisational realignment may take place. Previously we examined the Met's plans to outsource some of its back-office functions in our September 2015 report, *To Protect and Save*. It concluded

that if the Met does not manage both current and future organisational change well, there is a risk that the quality of the services it provides will deteriorate. The Met must look to lessons learned through previous attempts to reorganise itself, to ensure that it has the appropriate staff to deliver a quality service. And, as this Committee has discussed many times in previous years, what exactly is meant by front line or back office is rarely clear-cut.

- 6.6 We are pleased to see that the Mayor has specifically named affordable housing as a key consideration for the Met's estates strategy in future.<sup>37</sup> We specifically raised this as an issue at our October meeting, and we encourage the Met to continue to consider affordable housing as it rationalises its estate. The last Deputy Mayor for Policing and Crime had a clear objective to maximise capital receipts by selling surplus assets to the highest bidder, in order to fund the Met's various investment programmes. We are now seeing a shift in approach and we will be interested to see how this is implemented.

#### Officer numbers

- 6.7 The previous Mayor set a target of 32,000 police officers across London at the same time as delivering a 20 per cent cut in police expenditure, which required the Met to save £572 million across three years from 2013-14 to 2015-16. We welcome the Met's achievement in delivering these savings. We should point out, however, that during 2013-14 to 2015-16, the Met was on average 862 police officers short of this target, allowing the Met to save some £45 million.<sup>38</sup> In fact, at no point since July 2011 has the Met had 32,000 officers in post.
- 6.8 In his draft Police and Crime Plan 2017-21, the Mayor has pledged to maintain the strategic target of 32,000 officers.<sup>39</sup> Considering the savings made in the past from staff budgets by not reaching 32,000 officers the Met must carefully consider how feasible it will be to achieve the 32,000 target.

#### Monitoring performance

- 6.9 As with the draft core GLA budget, the draft Police and Crime plan lacks crucial performance measures. Although it includes a target for police numbers, it has scrapped the MOPAC 7 targets for key crimes that were in place under the previous administration.<sup>40</sup> The Mayor has said that he wants to move away from "arbitrary crime reduction targets for London as a whole".<sup>41</sup> Instead local authorities will be expected to work with the police to set priorities at the local level. The Mayor needs to clearly explain how the Met's performance will be measured so the London Assembly, and Londoners, can assess whether his budget is being put to good use.

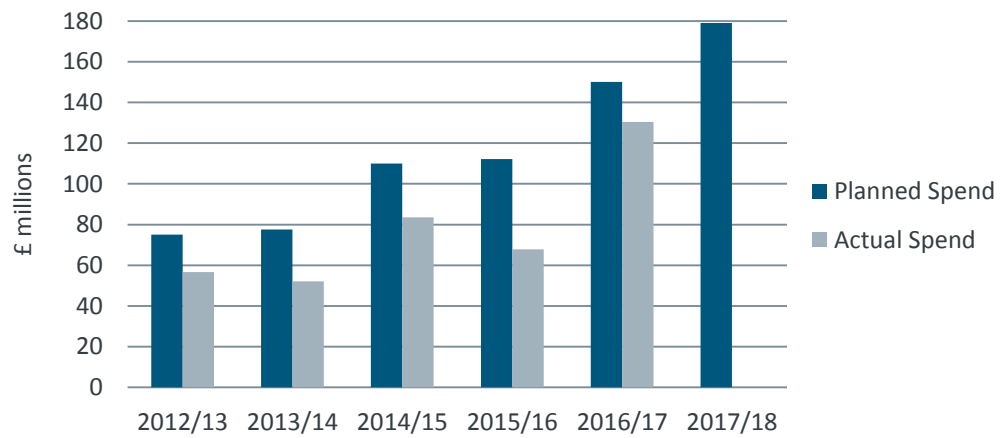
## Recommendation 11

In his consultation budget, the Mayor should set out his proposals for how the Met's performance will be measured and monitored. This should include details of what outcomes he is expecting MOPAC's budget to deliver, and how local priorities will be overseen.

### Implementing the Met's Digital Policing strategy

- 6.10 We note the Met has performed less well with regards to its Digital Policing strategy, where it has missed its target to secure £60 million of annual IT revenue savings. The Met's digital capability is still lagging, although some progress has been made in the last year. The Digital Policing strategy plays a large role in achieving the overall savings targets of the Met, but the Quarter 2 outturn report for 2016-17 states that £24.4 million of budgeted IT savings will not be achieved this year. Of this, £14.4 million has been delayed to next year, but the Met now admits that £10 million of these planned savings may not happen at all.<sup>42</sup> A comprehensive review into the implementation of the IT Service Integration Application Management model is promised.
- 6.11 The Digital Policing strategy has required a significant step up in investment for IT programmes, from approximately £50 million per year in the past to almost £180 million in 2017-18. So far, capital expenditure has been financed through asset sales. However at the end of September 2016, halfway through the financial year, Digital Policing has only spent 19 per cent of its capital budget. The Met is forecasting remarkably ambitious catch-up spend in the next six months, from £29 million to £130 million by year end. Whilst this would be an improvement on previous years this would still be an underspend of £20 million, or 13 per cent, representing significant under-investment in the Digital Policing strategy.<sup>43</sup> Over the last four years, the Met has underspent by 31 per cent on the strategy – some £115 million. The Met needs to improve its fiscal leadership on IT projects to ensure it is spending its resources appropriately.

**Chart 1: The Met has struggled to fully use capital budgets, routinely underspending on IT capital investment by approximately 30 per cent<sup>44</sup>**



6.12 The entire Digital Policing model that the Met is using to provide IT services may indeed no longer be optimal. The Met’s IT strategy follows the Tower Model – IT is split into different “towers” which are outsourced from different providers. A separate “integrator” is also procured to join together the IT solutions from the various providers. The Cabinet Office has discredited the Tower Model, saying:

“The Tower Model is not condoned and not in line with Government policy... [it] doesn’t work because it doesn’t fully consider what services are needed, or how they fit together. There can be a role for the Service Integration and Management (SIAM) layer, but placing too much responsibility with it increases risk for both the department and the supplier by confusing roles. The SIAM provider should not replace good in-house IT capability.”<sup>45</sup>

6.13 The Met may not have the in-house capability to manage its IT estate effectively and therefore be too reliant on the SIAM provider. In our October meeting, we heard that when transitioning to the ‘SIAM Towers’ model—integrating existing IT contracts under a single ‘Service Integrator’—there were “a number of contracts that [the Met] were unaware of”.<sup>46</sup>

6.14 At a more operational level, we understand that the Met is hoping to upgrade its 27,000 computers currently running on the outdated Window XP platform and next year it will roll out tablet devices to officers. Mobile devices are a key enabler of a modern and more efficient police service – the Met must ensure this technological and cultural change is implemented carefully otherwise its whole One Met strategy will be at risk.



## Building commercial expertise

- 6.15 The Met appears to be making some progress in building up its in-house commercial skills. Our report, *To Protect and Save*, concluded that the Met did not have enough staff with the right skills to negotiate and manage contacts effectively, and its reliance on external consultants was threatening its capability to think strategically for itself.<sup>47</sup> The Met has now appointed a new Commercial Director who is seeking to upskill his team and develop a wider “commercial family”.<sup>48</sup> In our October meeting we heard that a new commercial arm of the Met, ‘Met Enterprise’ is being established to leverage revenue from the Met’s brand and expertise. No hard targets have been set for Met Enterprise yet. We await the publication of the Met Enterprise business plan for further details of its plans to generate income in this area. In view of TfL’s growing expertise in terms of its commercial activities, we suggest there is scope for learning and collaboration across the GLA Group over the coming years.

# 7. Fire

## Key findings

- While we support the reforms to London's fire service due in 2017, the Mayor must ensure that the high standards of transparency which LFEPA currently meets are continued when governance moves into City Hall.
- The Mayor is intending to protect LFEPA's budget over the next four years but it is still showing a budget deficit. LFEPA has presented plans to deliver savings over the next two years to meet this budget gap, but forecasts show the deficit will reappear in 2019-20.
- The draft London Safety Plan 2017 proposes greater collaboration with the other emergency services. This could result in significant re-alignment of the workforce and potentially the loss of jobs; further industrial action is therefore a risk for LFEPA to manage.

## Reform of the London Fire and Emergency Planning Authority

- 7.1 The governance arrangements for the London Fire Brigade will be reformed in 2017. In January 2016, the Government confirmed it would legislate to abolish the London Fire and Emergency Planning Authority (LFEPA), create a position for a new “London Fire Commissioner” with responsibility for running the London Fire Brigade, and give the Mayor responsibility for setting the budget and strategic direction. A new role of Deputy Mayor for Fire will also be created. A new committee of the London Assembly will be created to provide scrutiny of the fire service. The Policing and Crime Bill 2015-16 to 2016-17 is currently being considered by Parliament and we are expecting the new governance arrangements to take effect in July 2017.
- 7.2 The steps to abolish LFEPA must not lead to a loss of transparency. We support the reform of LFEPA and giving the Mayor greater control over this key service, but—as the GLA Oversight Committee concluded in its report of February 2016—the Mayor must ensure that LFEPA’s high standards of transparency are not lost when responsibility for it comes into City Hall.<sup>49</sup> We would encourage the Mayor to review the lessons from the replacement of the Metropolitan Police Authority with the Mayor’s Office for Policing and Crime in 2012.

## 2017-18 budget proposals

### Revenue

- 7.3 The Mayor intends to hold LFEPA’s revenue budget at £382.4 million from 2017-18 through to 2020-21.<sup>50</sup> This is the same budget envelope as set out in the previous Mayor’s 2016-17 budget, and it requires LFEPA to make £23.5 million of savings over the next four years.<sup>51</sup> To begin addressing its budget deficit, LFEPA is planning to take £7.6 million out of departmental budgets in 2017-18.<sup>52</sup>
- 7.4 We are encouraged that LFEPA has presented a comprehensive package of savings proposals, but the sheer number of them will require careful management. Implementing and providing oversight of them may be particularly difficult in a year when LFEPA will be abolished. That said, of the 54 proposals put forward for 2017-18, 21 have been classified as “definitely happening”, at a value of £2.7 million, while 28 proposals, worth £4.6 million, have “firm plans” in place.<sup>53</sup> That leaves five proposals where plans are less well-developed, worth £0.2 million.
- 7.5 LFEPA’s savings plans will address its budget gap in the short-term, but a deficit emerges again in 2019-20. LFEPA’s budget submission shows that it is deliberately trying to make savings as soon as possible in order to spread the impact of the deficit over the next three years. The resulting budget surpluses in 2017-18 and 2018-19 will be paid into a new Budget Flexibility Reserve to

help balance the budget in 2019-20. Even so, by 2020-21 LFEPA is forecasting another budget gap of £13.5 million; without additional funding, further savings and efficiencies will be required.<sup>54</sup>

<b>Table 3: LFEPA's budget surpluses in 2017-18 and 2018-19 will be used up during 2019-20<sup>55</sup></b>				
(£ millions)	2017-18	2018-19	2019-20	2020-21
Budget surplus / (gap)	7.2	2.5	(10.1)	(13.5)
Transfers into / (out of) Budget Flexibility Reserve	7.2	2.5	(9.7)	0.0
Savings still to be found	0.0	0.0	(0.4)	(13.5)

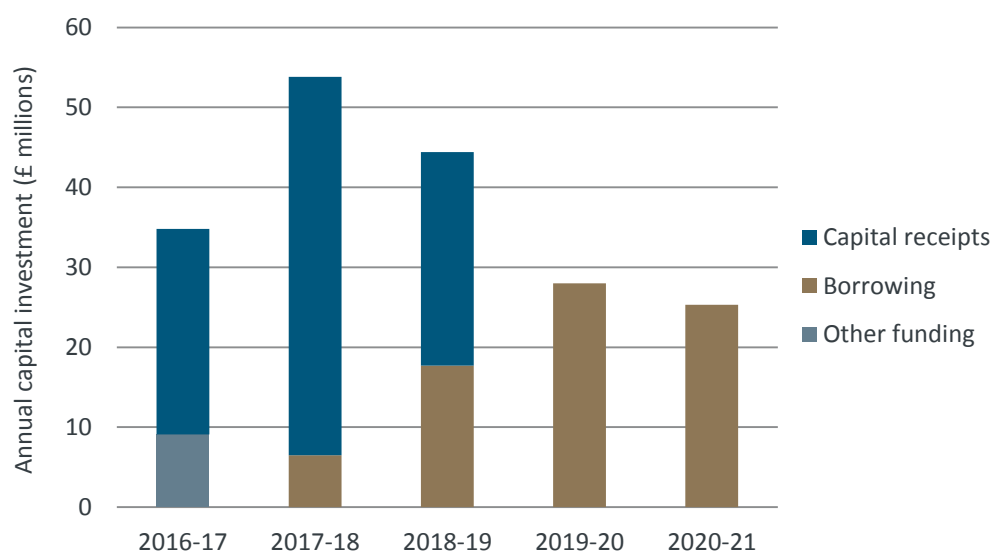
- 7.6 LFEPA must be careful that any efforts to secure savings do not impact service levels. The recent 'Anthony Mayer Review of Resourcing of the London Fire Brigade' found that although LFEPA had recently been successful in delivering cost savings without impacting operational performance, further cost savings above those already planned for the next three years were not feasible without reducing service levels.<sup>56</sup> The Mayor has heeded this warning so far.
- 7.7 It appears that LFEPA is aiming to achieve efficiencies through greater collaboration with London's other two emergency services – the Met and the London Ambulance Service. The draft London Safety Plan 2017 (LSP 2017) was published in November 2016, presenting LFEPA's updated strategic approach for five years from 2017-18 to 2020-21. One of the five "principles" of LSP 2017 is collaboration, covering control rooms, prevention activities, response activities, support services, inclusion and infrastructure.<sup>57</sup> The Policing and Crime Bill 2015-16 to 2016-17 is likely to introduce a new statutory duty for closer collaboration between all three emergency services.
- 7.8 Centralising support services, control rooms and other activities may involve significant re-alignment of the workforce and potentially the loss of LFB specific jobs. Considering the strength of the London Fire Brigade Union, and the difficulties—and associated financial costs—it has brought LFEPA in recent years (particularly over changes to fire pension schemes), LFEPA must ensure that any workforce re-alignment is well negotiated with the union. We note that the re-alignment will affect non-firefighters much more strongly. This section of LFEPA's personnel is much smaller in comparison to front line workers and so the financial risk is not as significant as that faced in the past over the fire pension scheme.

### Capital

- 7.9 LFEPA's capital plans show continued investment in its estate, however the financing of this may put undue strain on LFEPA in the future. In recent years, LFEPA has used the capital receipts from its estates disposal programme, but

this income is coming to an end. By the end of 2020-21, LFEPA is scheduled to borrow an additional £77.5 million to support its capital investment programme, starting with £6.5 million in 2017-18. As a result, interest costs are forecast to increase from £9.8 million to £12.0 million between 2016-17 and 2020-21.<sup>58</sup> These interest costs may further impact LFEPA's revenue gap and the savings required over future years.

**Chart 2: LFEPA can no longer rely on capital receipts to fund investment and will have to start borrowing instead<sup>59</sup>**



- 7.10 The draft LSP 2017 does not identify any further station closures, one of the more controversial outcomes of the previous safety plan. However it does state that “modelling work has identified areas where our fire stations are no longer in the best location... there are opportunities to move stations to better locations, either by building new stations or by sharing alternative sites.”<sup>60</sup> This suggests LFEPA may be considering another round of station closures, and major capital reinvestment, to deliver LSP 2017.

## Recommendation 12

LFEPA should publish its plans for achieving additional efficiencies in 2018-19 and 2019-20 alongside the final LSP 2017.

# Our approach

The Budget and Performance Committee has held a series of meetings which have helped inform this report. These have included:

- 14 July 2016 meeting to examine the Mayor's Budget Guidance for 2017-18. The following guests gave evidence:
  - David Bellamy, Mayor's Chief of Staff
  - Martin Clarke, Executive Director – Resources, GLA
  - David Gallie, Assistant Director – Group Finance, GLA
- 29 September 2016 meeting to discuss EU funding in the context of the UK's decision to leave the EU. Our expert guests were:
  - Alex Conway, European Programmes Director, GLA
  - Naomi Weir, Deputy Director of the Campaign for Science and Engineering
  - Madeleine Williams, Director of Access Europe Network and observer on the London Enterprise Panel ESIF Committee
- 18 October 2016 meeting to examine the Commercial, Estates and Technology Strategies of the Metropolitan Police Service. Guests included:
  - Rebecca Lawrence, Acting Chief Executive, MOPAC
  - Lynda McMullan, Director of Commercial & Finance, MPS
  - Matthew Puncheon, Interim Director of Property Services, MPS
  - Simon Wilson, Commercial Manager, MPS
- 24 November 2012 meeting to assess the Mayor's initial 2017-18 budget proposals for the GLA. The following representatives from the Mayor's Team and the GLA attended:
  - David Bellamy, Mayor's Chief of Staff
  - Dr. Nick Bowes, Mayoral Director, Policy
  - Jeff Jacobs, Head of Paid Service and Executive Director (Communities and Intelligence)
  - Martin Clarke, Executive Director – Resources, GLA
  - Fiona Fletcher-Smith, Executive Director of Development, Enterprise and Environment
  - David Lunts, Executive Director of Housing and Land
  - Leah Kreitzman, Mayoral Director, External and International Affairs

In addition, this report builds on our findings from our summer investigation into TfL's finances.

Where they have been available, we have considered the initial budget submissions of the GLA's functional bodies.

We have also examined the quarterly monitoring reports of the GLA and its functional bodies, various strategies which have been published in November and December 2016 (including LFEPA's draft LSP 2017 and the draft Police and Crime Plan 2017-2021) and Mayoral publications (such as the Affordable Homes Programme 2016-21 Funding Guidance and draft Affordable Housing and Viability Supplementary Planning Guidance 2016).



# References

- <sup>1</sup> GLA. [GLA Housing Starts on Site and Completions to end of September 2016](#).
- <sup>2</sup> [Mayor proposes tax rise to protect police numbers](#), Mayoral Press Release, 16 December 2016
- <sup>3</sup> Mayoral press release, [Mayor reveals ‘mess’ left at Old Oak Common in review findings](#), 1 November 2016
- <sup>4</sup> [Mayor proposes tax rise to protect police numbers](#), Mayoral Press Release, 16 December 2016
- <sup>5</sup> [Self-sufficient Local Government: 100% Business Rates Retention](#), DCLG Consultation July 2016
- <sup>6</sup> The GLA’s Executive Director of Resources, Martin Clarke, suggested at Budget and Performance Committee on 24 November 2016 that the GLA will receive 37 per cent of the total business rates accrued in London.
- <sup>7</sup> [Letter to the Editor: We need a business rates review](#), Sadiq Khan, writing in the Evening Standard, 27 October 2016; [Business rates revaluation reveals growing gap between London and the North](#), Institute for Fiscal Studies.
- <sup>8</sup> [Letter to the Editor: We need a business rates review](#), Sadiq Khan, writing in the Evening Standard, 27 October 2016
- <sup>9</sup> The All-Party Parliamentary Group on London letter to the Chancellor, [London Business Rates](#), 24 November 2016
- <sup>10</sup> Department for Communities and Local Government, [Transitional Relief consultation response](#), 23 November 2016
- <sup>11</sup> [Draft GLA budget for 2017-18](#), 15 November 2016, paragraph 10
- <sup>12</sup> [Mayor proposes tax rise to protect police numbers](#), Mayoral Press Release, 16 December 2016
- <sup>13</sup> To contribute to the cost of the 2012 Olympics, Band D Council Taxpayers have paid an additional £20 per year since 2006-07. The so-called “Olympic precept” will raise £625 million between then and 2016-17.
- <sup>14</sup> The GLA’s Executive Director of Housing and Land, David Lunts, speaking to the Budget and Performance Committee on 24 November 2016.
- <sup>15</sup> [Greater London Authority Finance and Performance Report Q2 2016- 17](#), Page 7

<sup>16</sup> [Greater London Authority Finance and Performance Report Q2 2016- 17](#), Page 6-7

<sup>17</sup> The GLA's Executive Director of Housing and Land, David Lunts, speaking to the Budget and Performance Committee on 24 November 2016.

<sup>18</sup> [Greater London Authority Finance and Performance Report Q2 2016- 17](#), Page 7

<sup>19</sup> These figures do not take into account the new housing settlement announced on 23 November 2016.

<sup>20</sup> The MPS' Interim Head of Asset Leverage, Matthew Punshon, speaking to the Budget and Performance Committee on 18 October 2016.

<sup>21</sup> LLDC's Chief Executive, David Goldstone, speaking to the Budget Monitoring Sub-Committee on 14 December 2016.

<sup>22</sup> LLDC's Chief Executive, David Goldstone, speaking to the Budget Monitoring Sub-Committee on 14 December 2016.

<sup>23</sup> [West Ham count cost after naming-rights deal for London Stadium collapses](#), Telegraph 27 October 2016

<sup>24</sup> [OPC Q1 2016-17 Budget and Performance Monitoring Report](#), Budget Monitoring Sub-Committee, 4 November 2016, Item 5f

<sup>25</sup> The London Enterprise Panel, [Growth Deal 3](#), 19 August 2016

<sup>26</sup> Transport for London, [Budget 2016-17 and Business Plan](#), March 2016 and Transport for London, [Transport for London Business Plan December 2016](#), December 2016.

<sup>27</sup> Budget and Performance Committee, [Transport for London's Financial Challenge](#), 8 September 2016, Page 17

<sup>28</sup> Transport for London, [Budget 2016-17 and Business Plan](#), March 2016 and Transport for London, [Transport for London Business Plan December 2016](#), December 2016.

<sup>29</sup> Transport for London, [Transport for London Business Plan December 2016](#), December 2016, Page 74

<sup>30</sup> Transport for London, [Transport for London Business Plan December 2016](#), December 2016, Page 27, and [letter](#) from the Secretary of State for Transport, Rt. Hon Patrick McLoughlin to the former Mayor, Boris Johnson, 2 March 2016

<sup>31</sup> [Cutting Carbon in London 2015 Update](#), Environment Committee, November 2015

<sup>32</sup> The GLA's Executive Director of Development, Enterprise and Environment, Fiona Fletcher-Smith, speaking to the budget and Performance Committee on 24 November 2016.

- <sup>33</sup> [Provision Police Grant Report 2017-18](#) and [Written Statement HCWS360](#), Brandon Lewis, Minister of State for Fire and Policing, 15 December 2016
- <sup>34</sup> [Police Grant Report 2016-17 Written Statement HCWS426](#), Mike Penning, Minister of State for Fire and Policing, 17 December 2015
- <sup>35</sup> MOPAC, A Safer City for All Londoners, [Draft Police and Crime Plan 2017-2021- consultation document](#), 1 December 2016, Page 12
- <sup>36</sup> MOPAC, A Safer City for All Londoners, [Draft Police and Crime Plan 2017-2021- consultation document](#), 1 December 2016, Page 61
- <sup>37</sup> MOPAC, A Safer City for All Londoners, [Draft Police and Crime Plan 2017-2021- consultation document](#), 1 December 2016, Page 61
- <sup>38</sup> [Metropolitan Police Service Recorded Crime Figures and Associated Data to October 16](#), London Datastore; MOPAC Quarterly Monitoring Reports, taken to Budget Monitoring Sub Committee 2013-2016
- <sup>39</sup> The Mayor published his consultation Police and Crime Plan on 1 December 2016. The final plan will be published at the end of March 2017.
- <sup>40</sup> The 'MOPAC 7' are targets for reducing crime in seven key areas: burglary, criminal damage, robbery, theft from a motor vehicle, theft from a person, theft of a motor vehicle and violence with injury.
- <sup>41</sup> MOPAC, A Safer City for All Londoners, [Draft Police and Crime Plan 2017-2021- consultation document](#), 1 December 2016, Page 5
- <sup>42</sup> MOPAC, [Financial performance report for Quarter Two 2016/17](#), Paragraph B8
- <sup>43</sup> MOPAC, [Financial performance report for Quarter Two 2016/17](#), Paragraph B8
- <sup>44</sup> MOPAC Outturn Finance Reports and Mayor's Capital Spending Plan 2016/17.
- <sup>45</sup> [Knocking down the towers of SIAM](#), Government Digital Service, February 2015
- <sup>46</sup> The Director of Information, MPS, Angus McCallum, speaking at Budget and Performance Committee 18 October 2016.
- <sup>47</sup> Budget and Performance Committee, [To Protect and Save](#), September 2015. Page 8
- <sup>48</sup> The MPS' Commercial Director, Simon Wilson, speaking at 18 October 2016 Budget and Performance Committee.
- <sup>49</sup> GLA Oversight Committee, Transparency of the GLA Group and Family, February 2016, page 25
- <sup>50</sup> Letter from the Mayor to the Chair of LFEPA. Budget Proposals for 2017-18. 2 November 2016

- <sup>51</sup> [The Greater London Authority Consolidated Budget and Component Budgets for 2016-17](#), page 29
- <sup>52</sup> The London Fire and Emergency Planning Authority, [Budget Update](#). 24 November 2016. Page 1 and Appendix 3
- <sup>53</sup> The London Fire and Emergency Planning Authority. [Budget Update](#). 24 November 2016. Appendix 3
- <sup>54</sup> The London Fire and Emergency Planning Authority. [Budget Update](#). 24 November 2016. Page 7
- <sup>55</sup> The London Fire and Emergency Planning Authority. [Budget Update](#). 24 November 2016. Page 7
- <sup>56</sup> The London Fire and Emergency Planning Authority. [Anthony Mayer Review of Resourcing of the London Fire Brigade](#). 24 November, Paragraph 10
- <sup>57</sup> London Fire Brigade. [London Safety Plan \(2017\) Consultation Document](#), 24 November 2016, Page 35
- <sup>58</sup> The London Fire and Emergency Planning Authority. [Budget Update](#). 24 November 2016. Page 72
- <sup>59</sup> The London Fire and Emergency Planning Authority. [Budget Update](#). 24 November 2016. Page 72
- <sup>60</sup> London Fire Brigade. [London Safety Plan \(2017\) Consultation document](#), 24 November 2016. Page 31

# Other formats and languages

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## Chinese

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## Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

## Greek

*Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.*

## Turkish

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## Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਅਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

## Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

## Bengali

আপনি যদি এই দলিলের একটি সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

## Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا مذکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

## Arabic

الحصول على ملخص لهذا المستند بلغة،  
فرجاء الاتصال برقم الهاتف أو الاتصال على  
العنوان البريدي العادي أو عنوان البريدي  
الالكتروني أعلاه.

## Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જોડતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઇલ સરનામા પર અમારો સંપર્ક કરો.





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