

A New Settlement for London

A report by the Commission on London Governance
Volume 1

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February 2006

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THE COMMISSION ON LONDON GOVERNANCE

The London Governance Review Commission (now the Commission on London Governance) was first set up in February 2004, with Members appointed by the London Assembly and the Association of London Governments Leaders' Committee. Following a break before the GLA elections, the Commission was re-established on 21 July 2004.

The terms of reference as agreed at the 9 November 2004 Commission meeting are to examine and make recommendations in respect of:

- a) the accountability of service delivery agents;
- b) the participation of the citizens of London in the delivery of services;
- c) the customer perspective on service delivery arrangements, including levels of satisfaction and involvement;
- d) the provider perspective of service delivery arrangements;
- e) the extent and effectiveness of coordination between service delivery agents;
- f) the efficiency and ownership of the funding streams;
- g) the appropriate role of other public sector agencies, quasi-autonomous non-governmental organisations and regional authorities in the provision of services;
- h) inequalities of service provision to consumers as a result of geographical location;
- i) the scope for increasing public participation in holding public service providers to account

The Commission intends to concentrate on how well London works. That is why the Commission has decided not to review the boundaries of London or its boroughs; the costs of reorganisation would likely outweigh any possible benefits of better service provision. The Commission's interim report "Capital Life" was published in June 2005 and "Making London Work Better" in October 2005.

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FOREWORD

“I love London because on any day of the week somewhere, you can find something that will enrich you” Kwame Kwei-Armah

This report is not only about London’s governance: it is about London’s future success.

The capital faces a remarkable combination of opportunities and challenges in the years running up to the 2012 Olympics, when it will become the focus of world attention, and beyond. London’s ability to maintain future economic, social and environmental improvements will depend on the extent to which public services become more efficient, effective and accountable. That is why this report matters to all Londoners.

To take a single example, London, is in many ways the powerhouse of the national economy. It will see further growth during the coming ten years with projections of big increases in population and employment. That is good news, except that almost half of existing Londoners lack the skills needed to take advantage of the types of new jobs that are emerging in the capital’s economy. Our report’s proposals aimed at creating a more effective structure for training and skills provision are a crucial step towards providing London and many individuals with the higher skills that the future will demand.

London secured a new form of strategic government in 2000 with the introduction of the directly-elected Mayor of London and the London Assembly. The Government is now reviewing the Mayor and Assembly’s powers and, although this report also covers that ground, it looks more broadly at how London works as a whole.

Many of the findings relate to specific services or functions. Readers of this report will find, among much else, recommendations that call for:

- the accountability of local police teams to elected representatives and local communities to be enhanced;
- a single Strategic Health Authority for London, with well-performing borough councils taking over the commissioning of local health provision from NHS primary care trusts;
- powers, budgets and responsibilities of London’s five Learning and Skills Councils to be brought into a single structure accountable to the Mayor and answerable to the London Assembly;
- appointment powers in the arts, which are a core part of London’s creative industries economy as well as a publicly funded activity, to be devolved to London’s government;

- a London Performance Agency to drive more intensive joint working between boroughs;
- consideration of separate council tax billing for the GLA precept so that Londoners have a clearer understanding of services provided by the GLA and its functional bodies;
- giving London boroughs the flexibility to consider new revenue streams; re-localising business rates and linking increases to rises in council tax.

More important than any specific recommendation, however, is the context in which they are all presented. An over-arching theme running through this report is that Londoners should have more say in the way their city is run. One of the current barriers to this is the extreme complexity of London's governance arrangements, which involve not only the GLA and boroughs but many other agencies and organisations. This complexity, we conclude, undermines attempts by citizens to engage with service providers and shape services. The price of this lack of local engagement can be failure of efforts to reform services, poor performance and low public satisfaction. Inadequate accountability therefore has practical and economic as well as democratic implications, leaving Londoners deprived as both citizens and users of public services.

The Commission is clear that organisations which plan, procure or provide public services should be answerable for their decisions and actions to those who fund or receive those services. Obviously, this is easier to assert than to achieve. Moves in recent years towards a more mixed economy of service delivery, with public agencies increasingly commissioning services rather than providing them directly, have made it more difficult to ensure proper accountability in London's already complex governance structures.

In the Commission's view, strengthening the commissioning and community leadership roles of democratically elected councils, and enhancing the councillor's right to be consulted, is crucial to any attempts to improve accountability and local community representation. The quality of local service delivery would be improved by strengthening boroughs' powers to build and lead local partnerships and commission services which more accurately reflected local need. Such an approach would see the London boroughs building up their commissioning role in health, social services and education, and setting local strategies for regeneration, health, social services, skills and policing.

The Commission proposes that elected local councillors should be supported to become the “human face” of all publicly funded local services in their areas. Under this vision councillors would be true local champions, not micro-managing services but equipped with statutory powers to engage with their planning, policy development and delivery. The ward councillor would be residents’ first port of call when they had concerns about the quality of any local service provision.

This human dimension is an appropriate point at which to invite readers to consider the report as a whole. Good governance is not only about how large organisations are structured to make decisions and conduct meetings. It is about real people’s daily lives. London is Europe’s largest city with a unique combination of mobile and diverse peoples and long standing communities. We need to improve its governance arrangements to secure a stronger sense of local ownership and accountability, which brings public services closer to all those for whom they exist.



Hugh Malyan
Chair of the Commission on
London Governance



Bob Neill
Deputy Chair of the
Commission on
London Governance

A handwritten signature in black ink, appearing to read 'H Malyan'.

A handwritten signature in black ink, appearing to read 'Bob Neill'.

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A NEW SETTLEMENT FOR LONDON

"I have been arguing publicly for four years now for the need for a new constitutional settlement that recognises a revised set of responsibilities for local government... I wish you well with what I regard as a very important exercise, not just for London."

Sir Michael Lyons

1. INTRODUCTION

1.1 There have been two significant previous reviews of London governance since the Second World War and this review builds on that work: the Herbert Royal Commission, led by Sir Edwin Herbert, set up in 1958, which reported in 1960, and the Marshall report, led by Frank Marshall, which reported in 1978. Both reports continue to make interesting reading even today as the authors sought to devise rational systems of administration on "the reality of what is truly London." We acknowledge our debt to these works in the paragraphs that follow but, whereas Herbert's Commission was set up by the Government of the day and Marshall's by the then leader of the Greater London Council, Sir Horace Cutler, our Commission has been set up by politicians from across London's political spectrum and operating from a local as well as a pan-London perspective. Its great strength is that it draws on and reflects upon experiences of London life from Croydon to Hackney, from Hounslow to Barking and all places in between. **It is London's voice that we seek to project.**

1.2 London is one of the largest cities in the developed world in terms of its total land area and is, with a population of 7.4 million, by a considerable margin, the most populous city in the European

Union. As the economic powerhouse of the UK economy it attracts workers of all skills from throughout the UK and across the world, yet there are pockets of deep deprivation and long term unemployment. The ethnic and religious diversity of the city is celebrated and renowned the world over. Every day hundreds of thousands of people travel into London to work and every year hundreds of thousands of people move in and out of London to live. Such diversity and mobility has a profound impact on the demands for local public services and, on levels of understanding of and engagement with service providers. This challenge is the driver for our work.

1.3 That London is distinct from the rest of the country is a principle that has been accepted by successive national governments for generations. Regional government is now firmly established in the capital and accepted. London's local and regional government is working well; there is cross-party working in both the Greater London Authority (GLA) and at the Association of London Government (ALG). London is delivering; the Audit Commission's most recent report reveals that London borough councils are leading the way in England. But we can do better still. We need greater freedom and flexibility in our institutional arrangements to build on our success.

1.4 There have been two significant previous reviews of London governance since the Second World War and this review builds on that work: the Herbert Royal Commission, led by Sir Edwin Herbert, set up in 1958, which reported in 1960, and the Marshall report, led by Frank Marshall, which reported in 1978. Both reports continue to make interesting reading even today as the authors sought to devise rational systems of administration on, "the reality of what is

truly London". We acknowledge our debt to these works in the paragraphs that follow but, whereas Herbert's Commission was set up by the Government of the day and Marshall's by the then leader of the Greater London Council, Sir Horace Cutler, our Commission has been set up by politicians from across London's political spectrum and operating from a local as well as a pan-London perspective. Its great strength is that it draws on and reflects upon experiences of London life from Croydon to Hackney, from Hounslow to Barking and all places in between. It is London's voice that we seek to project.

1.5 The objective for this Commission is to concentrate on how well London works - on the effectiveness, quality and accountability of local public services. London faces unique challenges in delivering its public services and yet so much of what happens in London takes place outside any locally accountable body. The public is confused as to who is responsible for what service, how to hold providers to account, how services are funded and how they can influence or engage with different service providers. Public expectations are rising yet, despite decades of new initiatives and schemes, public satisfaction levels are in long-term decline and voter participation rates are low.¹ We welcome the interim report from Sir Michael Lyons², which shares many of our concerns over the weak public understanding of how local government is funded and recognises the public confusion over how the responsibility for the delivery of local services is shared between central and local government. We welcome his identification of an "accountability gap" between central and local government, with local

government held accountable by local people for choices on spending over which it has little control. Our proposals that follow seek to address these fundamental issues.

1.6 The Commission has reviewed the current governance arrangements through the perspective of public service delivery. The process we have been through has involved learning the lessons from previous reviews, building an evidence base through a wide and open consultation process, testing our principles and emerging recommendations and building political agreement to carry our work forward.

Past reviews

1.7 The Herbert Royal Commission was tasked to make recommendations as to "whether any, and if so, what changes... would better secure effective and convenient local government" and led to the abolition of the London County Council (LCC) and the establishment of the Greater London Council (GLC) and the 32 boroughs plus the unchanged Corporation of London. For Herbert, the key challenge lay in "hold[ing] a vision of London in mind". London's "astonishing quality of vitality" needed to be "guided and directed for the general good through the medium of self-government". Herbert saw the growth of London outwards as a single great city, rather than a merging of important urban centres once separate, and recommended a rationalisation of existing local government. For Herbert the "extraordinary complication of local government", which included 29 Metropolitan boroughs in inner London, Middlesex County Council, boroughs within Essex, Hertfordshire,

1 See for example, the Association of London Government's Survey of Londoners, Winter 2005.

2 Lyons Inquiry into Local Government, December 2005

Kent and Surrey, three county boroughs and 24 urban districts, was confusing to the electorate and led to poor government. He recommended the creation of the Council of Greater London (GLC) and 32 Greater London boroughs and the Corporation of London.

1.8 Marshall's work built upon the foundations of Herbert, but focused only on the role of the GLC, which he felt had failed to fulfil its role as a genuinely strategic authority. For Marshall the key challenges that London had to grapple with were "problems of the quality of life in a capital city, of economic regeneration, of the resuscitation of obsolescent districts and the revival of communities": issues that are still important today. Marshall sought to consider how "London government can best be organised" to deal with these challenges. Marshall recommended a re-balancing of activity between the GLC and the boroughs with the former taking a more strategic approach. He argued "the GLC is necessary to take a lead for London": a view that the Government of the time did not share.

1.9 There was no formal review of London governance on the lines of the Herbert or Marshall inquiries prior to the abolition of the GLC in 1986 or the legislation in 1999³ setting up the Greater London Authority (GLA). Six years after the creation of the GLA and the first election of London's Mayor is an opportune time for reflection on the current governance arrangements. Our focus is more sharply practical than either of the preceding reviews although we share many of their underlying principles in how we approach our work. Since we begun our work the government has announced the start of a review of the

powers and responsibilities of the Mayor and the London Assembly, which looks at one tier of the governance arrangements in London. Our report is broader in scope than the government review because we believe it is time for a fundamental review of how London works; so, whilst we contribute to the Government's review we also look at the role of the Government Office for London, the role of the national health service, the value of the boroughs, the role of the council and councillors and the prospects for urban parishes.

The evidence base

1.10 The Commission has reviewed the governance arrangements in London to assess where changes need to be made to improve the quality, efficiency and value for money of local public services. To support our work we have sought the widest possible range of contributions.

- In April 2004, the Commission held a seminar at City Hall to discuss the results of an opinion poll we commissioned into Londoners sense of identity and belonging⁴. A series of presentations explored in detail some of the key influences that make up London's complex geographical, social and economic landscape. The presentations, from among others Lord Heseltine and writer Ian Sinclair, are set out in our document "What is London?"
- Our consultation paper "Is London Working?", published in February 2005, set out a series of issues where we believed there was need for debate, for example: giving communities more of a say in their affairs;

³ There was however a Government consultation leading to a referendum

⁴ Web address www.london.gov/assembly/reports/londongov.jsp

London's funding needs; the responsibilities of the GLA, the boroughs and councillors. We have received close to 100 written submissions, have held 22 panel sessions where invited guests put forward their views, spoken to senior officers in, amongst others, the health, waste, skills and police services, to community groups, members of the public, to think-tanks, to journalists, and politicians.

- We commissioned a series of focus groups to get structured feedback from the public on the issues of concern we highlighted.

In total we have received over half a million words of evidence for which we express our thanks to all those who have contributed. This evidence is published in two volumes and is available in hard copy, or CD-rom or via the web.

1.11 Our interim report "Capital Life", published in July 2005, set out the case for London to have a governance regime which:

- gives Londoners a greater say in their affairs;
- provides more accountability by service providers to service users;
- provides greater efficiencies whilst enhancing local accountability;
- provides more discretion to local authorities to tailor services to meet local needs; and
- restores the link between voting for improved services and paying for those services.

These principles guide this report and its recommendations

1.12 We argued further that there are clear and powerful arguments for:

- a streamlining of current governance arrangements;
- a staged reduction in the size and role of the Government Office for London;
- the development of councillors into local champions brokering local solutions; and
- a return of the business rate to local control.

In this our final report we refine and expand these arguments.

1.13 Following the announcement of the Government's review of the powers and responsibilities of the Mayor and the GLA, we published "Making London work better" in October 2005. This report set out our views as to how the next phase of devolution to London's government should proceed. We believe that national government needs to take a holistic approach to reform of London's governance arrangements. A simple horizontal slicing addressing just one level of London government, namely that of the Mayor, misses the opportunity to create a new financial and governance settlement for London which can define the roles and responsibilities of all levels of London government, bringing clarity and greater understanding to service providers and users.

1.14 The evidence we have received indicates clearly that accountability by service funders and providers to the users of London's public services is a key driver for change. As Tony Travers, Director of the Greater London Group, London School of Economics, argued in evidence to the Commission "Democratic principles would suggest that, unless the public can broadly understand what is going on when it is explained to it, it is not going to be very democratic and pressures will not be brought to bear on services that would be likely to achieve the most efficient and effective results". Accountability will improve performance, public engagement and public satisfaction.

1.15 We believe that clearer lines of service delivery will help the public identify how and when they can better engage with a provider to better tailor the service to meet their needs. The recommendations we set out in this report are addressed primarily to government as a significant contribution to its review of the GLA, to Sir Michael Lyons, who is conducting a review of the future for local government, and to all those with an interest in how London is run. We hope that many of the proposals here will find support from all Londoners. Local public services are life changing and life enhancing: it is right that Londoners have a greater say in how these services are shaped and delivered.

2 THE CHALLENGES

Government fit for a growing, mobile and diverse population

2.1 London faces extra-ordinary demographic challenges⁵

- **London's population will expand by over 700,000 over the next 10 years**, from its population of 7,388,000, to 8,100,000 by 2016, with the population of the eastern part of the city up by 250,000;
- The increase in population is explained largely by the high rate of natural change in London (7.1 persons for every thousand residents - with the UK figure at just 1.7) resulting from a high crude birth rate and a low crude death rate;
- This in turn is due to the higher proportion of women of childbearing age in the population and the high fertility rate for women over the age of 30. **London's population will therefore be younger than the UK average;**
- Every year over 600,000 people will move into and out of London to live (close to 1 in 10 of the population);
- Trends in net migration in London (from within the UK and abroad) have moved from a net migration loss of about 22,000 a year in the 1980s, to an average annual net inflow of 26,000 in the period 1996-2001. However, London was estimated to have had a net migration loss of nearly 35,000 in 2002-03;
- **London's population has a higher representation of all minority ethnic groups than does the national population;**
- Around 2 million people who belong to a black and ethnic minority (BME) group live in London, roughly 29 per cent of the city's total population, and this is likely to increase to around 35 per cent by 2016;
- The classification for "white but not born in the UK or Ireland" is likely to grow from 8 per cent of the population to 11 per cent by 2016;
- **London's employment rate is below that for the UK as a whole;**
- Over the current economic cycle to date the gap between the employment rate for London and that for the UK as a whole, which stood at 3.3 percentage points in 1997, has grown further to reach five percentage points now;
- One reason for the divergence in the employment rates for London and the UK is the change in working age population. London's employment rate has fallen relative to the UK's because the number of people living in London and in employment has increased at a slower rate than the growth in London's working age population.

⁵ We commissioned a briefing paper from John Hollis, Demographic Consultant for the GLA. The paper is available in Volume 3

Unique and complex needs

2.2 London's government needs to respond to the challenges of meeting the needs and aspirations of a fast growing, increasingly young and ethnically diverse population which is the recipient of its services, its electorate and its workforce. This great vitality is one of the defining characteristics of what makes London a great city. Alongside vitality, there is a reputation for tolerance towards people coming to visit, live, study or work in the city⁶, there is great adaptability in learning new occupations and skills, and there is resilience in the face of adversity.

2.3 The challenges London's local services face are immense; for example:

- London has the highest rate of recorded crime per head of population in England and Wales;
- more than half of England's severely overcrowded households are in London;
- London's economy is increasingly specialised yet nearly half of Londoners have low numeracy levels;
- around a quarter of all formal admissions under the Mental Health Act 1983 in England take place in London; and
- over 50 per cent of children in inner London live in poverty, compared with 29 per cent in England and Wales.

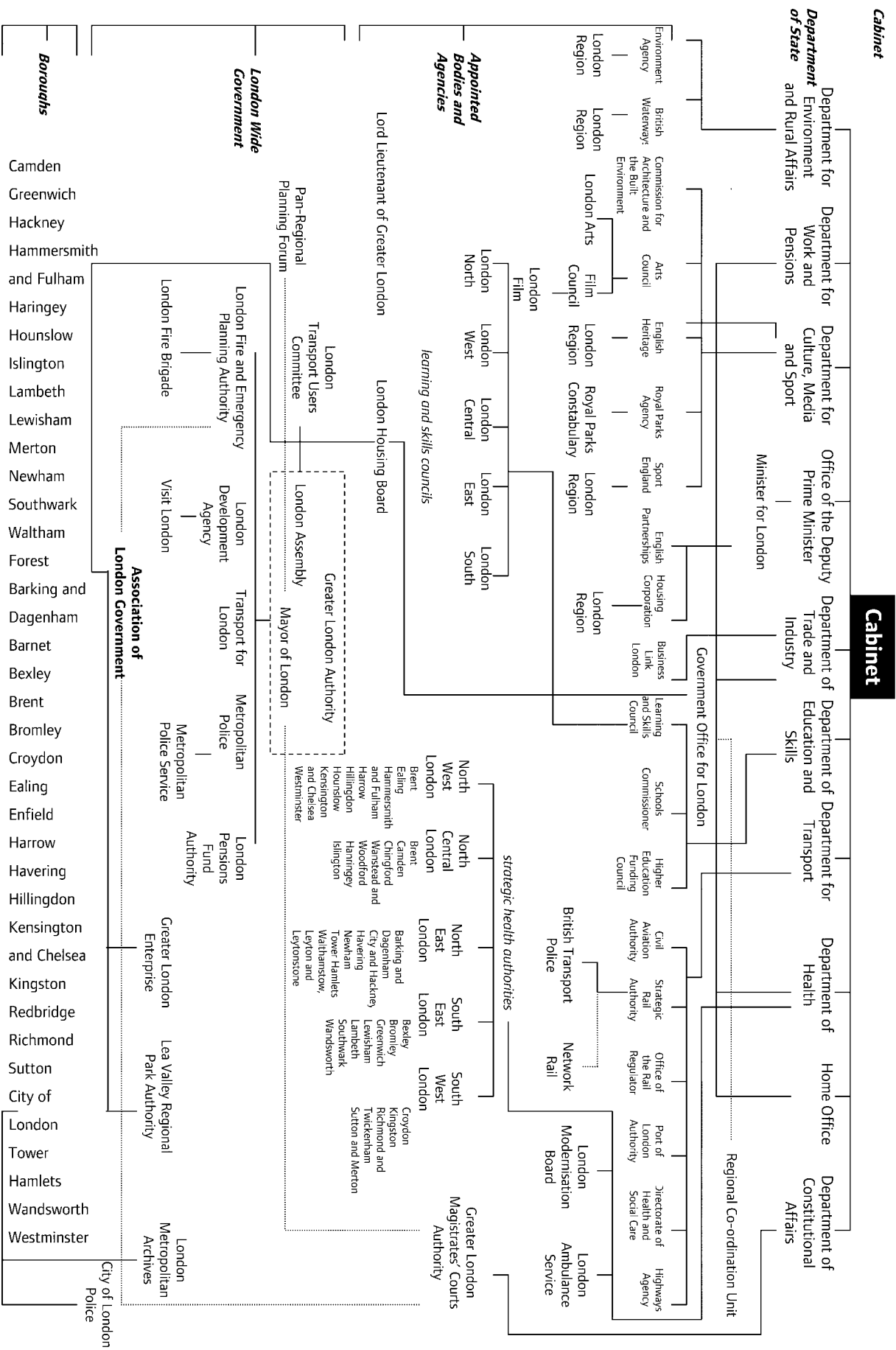
A clutter of institutions

2.4 In Tony Travers' book, "The Politics of London", there is a diagram that sets out some of the bodies that deliver public services in London (see below). This diagram is reproduced in the Cabinet Office's Strategy Unit report into London. In that report the Cabinet Office argues that "London's government is complicated and multi-tiered, but that in part reflects complexity in the real world". The Commission believes, however, that this complexity undermines attempts by citizens to understand and engage with service providers and ultimately to shape those services. This lack of local engagement undermines service reform and can lead to poor performance and low public satisfaction. Indeed, our focus groups identified "transparent systems for accountability to service users" as vital to make services run well.

2.5 This lack of understanding about who provides what service has been emphasised by Sir Michael Lyons as a key driver for his inquiry into the future role and funding of local government. Our proposals that follow are designed to increase the accountability of local service provision and to provide clear access points through which citizens can engage with service providers. Government will appreciate that we need to be constantly looking at how to capture the views of Londoners to give us all greater power to influence the services that shape our lives for the better. We believe that there needs to be a new settlement with central government which will allow London greater flexibility and freedom to design and deliver its public services to meet local need.

6 See for example Stonewall's submission in Volume 3

Chart 1: London's Government – key statutory bodies



Source: Travers "The Politics of London: Governing the Ungovernable City"

3. MORE ACCOUNTABLE LOCAL SERVICES

Jeannie

3.1 Jeannie and her son Luke have just opened the door and stepped into their new two bedroom flat. They are excited about moving and starting a new chapter in their lives. The flat is clean and comfortable, the rent affordable. This successful outcome is the culmination of a long “chain of delivery” that stretches right from Parliament voting the money, through the Housing Minister allocating the resources, through the Government Office for London setting the housing strategy, through the borough finding the land, through the private company building the flat, through the housing association making the allocation, to Jeannie and her son moving in.

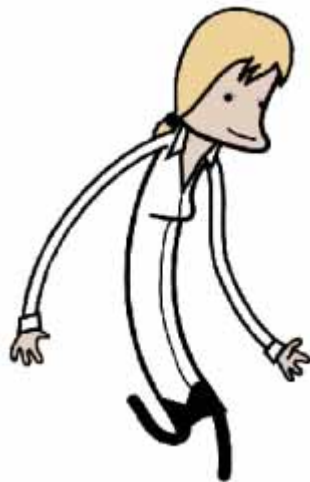
3.2 For the officers and politicians involved this ranks as successful service delivery, but for Jeannie and her family the shortage of affordable housing has meant that the experience of being re-housed has proved confusing, exhausting and frustrating. It has taken nearly three years for Jeannie to secure permanent affordable accommodation⁸. There have been three moves of address, changes of GP and schools, and great uncertainty about the future. Jeannie has not understood the “chain of delivery” nor to whom she could talk to or how to influence the process. She has felt powerless and alone. There has been a lack of transparency and accountability.

3.3 Accountability is an elusive

concept and trying to find an accurate and comprehensive definition is correspondingly difficult. The Treasury’s Public Services Productivity Panel states that “accountability involves an agreed process for both giving an account of your actions and being held to account: a systematic approach to put that process into operation; and a focus on explicit results and outcomes. Real accountability is concerned not only with reporting on or discussing actions

completed, but also with engaging with stakeholders to understand and respond to their views as the organisation plans and carries out its activities.” Local residents need a clear process by which service providers are held to account for successful delivery and over whom there is a form of sanction. Transparency of the chain of delivery means a greater clarity in who provides what services and by what funding stream. Greater transparency in service delivery is a necessary condition for greater accountability.

3.4 Many different organisations assess the needs for, plan, procure and/or provide public services to the community. They should therefore in some way be answerable to those who fund or receive those services for their decisions and actions in devising, planning, organising and delivering them. The election of politicians is undoubtedly a form of accountability but it is only periodic and the mandate of a party’s manifesto is necessarily very broad. Policy, planning and provision need to be far more responsive to the specifics of community needs and the concept of



⁸ The average time taken to secure permanent affordable accommodation in London is around three years, but for larger

“subsidiarity” proposes that as many decisions as possible should be taken as close to the community as can reasonably be done.

3.5 Crucially there needs to be:

- clarity about who does what;
- clarity about who pays for what;
- clarity about service policies, objectives and standards;
- the opportunity for the community to input to the various stages of policy, planning, procurement, provision and performance review;
- public review of policy and performance; and
- interaction between decision takers, service providers, service users and those who pay for those services.

3.6 A number of guests to the Commission have argued for a new settlement between central government and local government to make clear the “chain of delivery” for local services. Both Sir Michael Lyons⁹ and Sir Sandy Bruce-Lockhart¹⁰ stated the need for a new constitutional settlement that recognises a revised set of responsibilities for local and regional government. For Sir Sandy, central government has a role in setting national or minimal standards but is overbearing in its desire to micro-manage a whole raft of local government responsibilities. For Sir Michael, service delivery suffers because “the public do not have a clear map of who they should hold accountable for what, and that serves nobody well”.

3.7 The Commission believes that to improve transparency of service delivery in London, government should make clear the distinct roles of the different tiers of government:

- at the regional level (Mayor and Assembly) - strategies and accountability;
- at the Association of London Government - co-ordination and lobbying; and
- at the boroughs - representation and articulation of local needs, accountability to local communities, the commissioning of and delivery of services, and leadership in local partnerships.

3.8 Because service provision is complex we need constantly to be aware of:

- the citizen’s perspective;
- the appropriate roles of different levels of London’s government;
- the particular exigencies of different service areas.

3.9 A new settlement for London means more streamlined service provision and better understood governance arrangements. **We believe that this can best be achieved by strengthening the commissioning and community leadership roles of London councils and enhancing the councillor’s right to be consulted to ensure better capture of local knowledge and need, greater accountability of the service providers and democratic representation of their local community.**

9 Strategic Adviser to Government

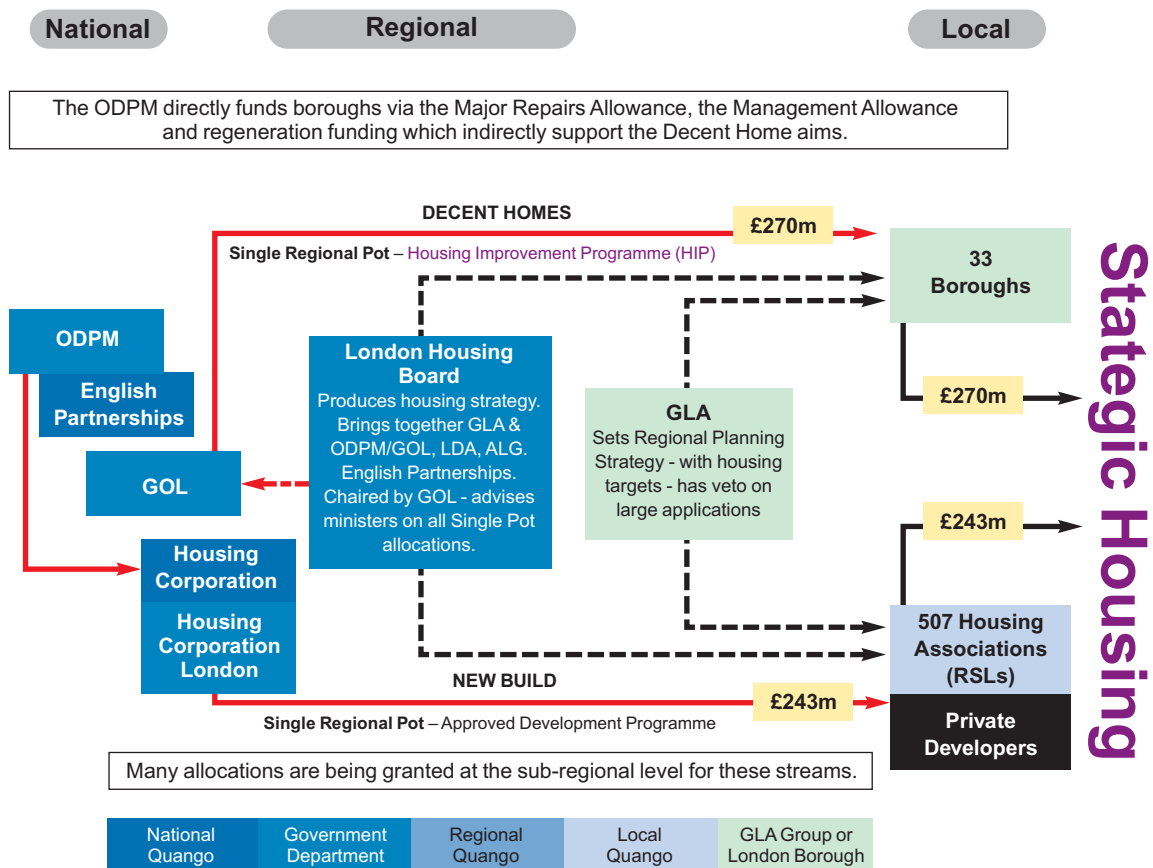
10 Chairman, Local Government Association

Affordable Housing

3.10 As an example of the kind of area where such new thinking is required, at our panel session on 15 March we heard from a number of guests involved in housing and homelessness service provision. All agreed that the current governance arrangements were “complex and there are a lot of players.” (See chart 2.) For Donald Hoodless (Group Chief

Executive, Circle 33) it was clear that there was a need for “one strategic body in charge of the delivery of more housing for London with better management at the very local level. I think it inevitably has to be the GLA...”. For others of our guests, what mattered most was that local authorities had the ability to decide how best to plan and build within the broad parameters of the Mayor’s London Plan.

Chart 2: The provision of affordable housing in London



Explanation: Red lines are funding flows and dotted lines are strategic influence.

3.10 A more streamlined delivery chain which reflects devolution of the power to set strategy and to direct resources from central government to the Mayor, coupled with an enhanced role for the boroughs in terms of service delivery, is set out in the following diagram:

Delivery chain for affordable housing under the New Settlement for London.



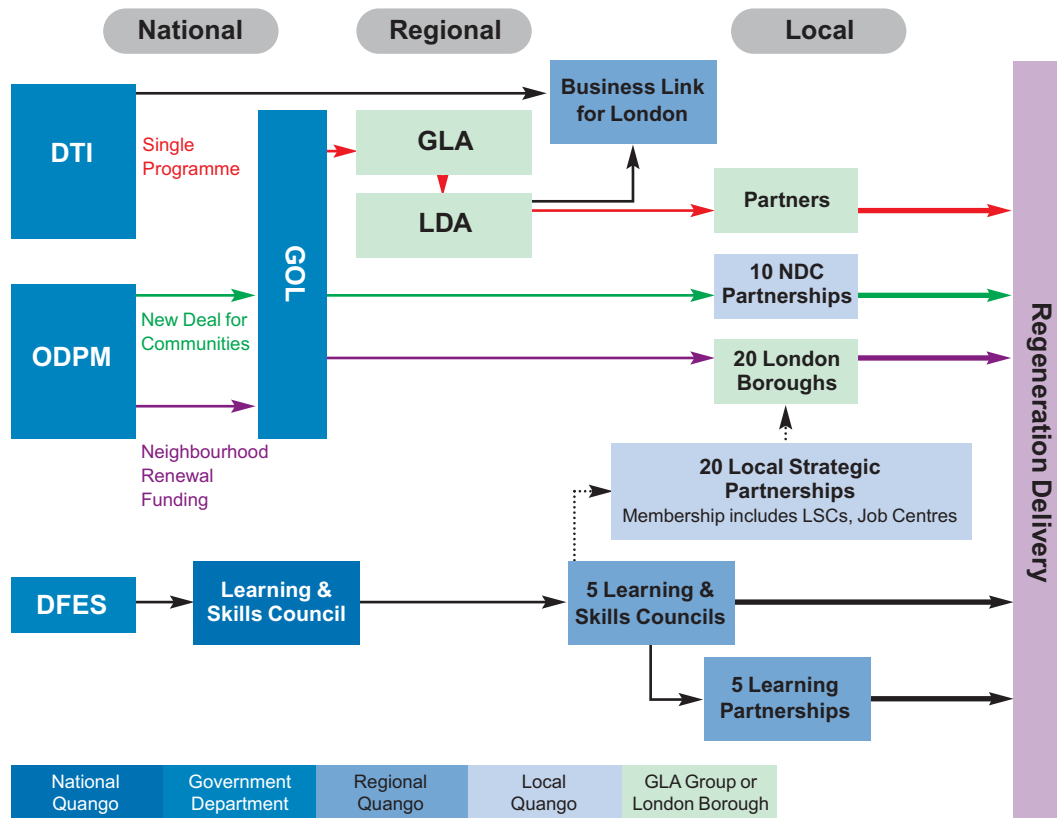
Regeneration

3.11 Regeneration funding involves many Government initiatives and the spending annually in London of millions of pounds in public and private money.¹ There are a host of agencies tasked with delivering aspect of regeneration. This clutter of institutions causes a range of difficulties and there is clear scope for streamlining to improve accountability:

- There is poor co-ordination at the regional level
- Individual projects find it hard to pull together the infrastructural (or “economic”) aspects of funding with the funding to develop the skills (or the “social”) side of the workforce or local population
- There is an unnecessary administrative burden on organisations bidding to receive funding
- Community involvement in project development needs to be enhanced
- The transfer of lessons learned from successful regeneration initiatives into mainstream practice does not take place routinely.¹

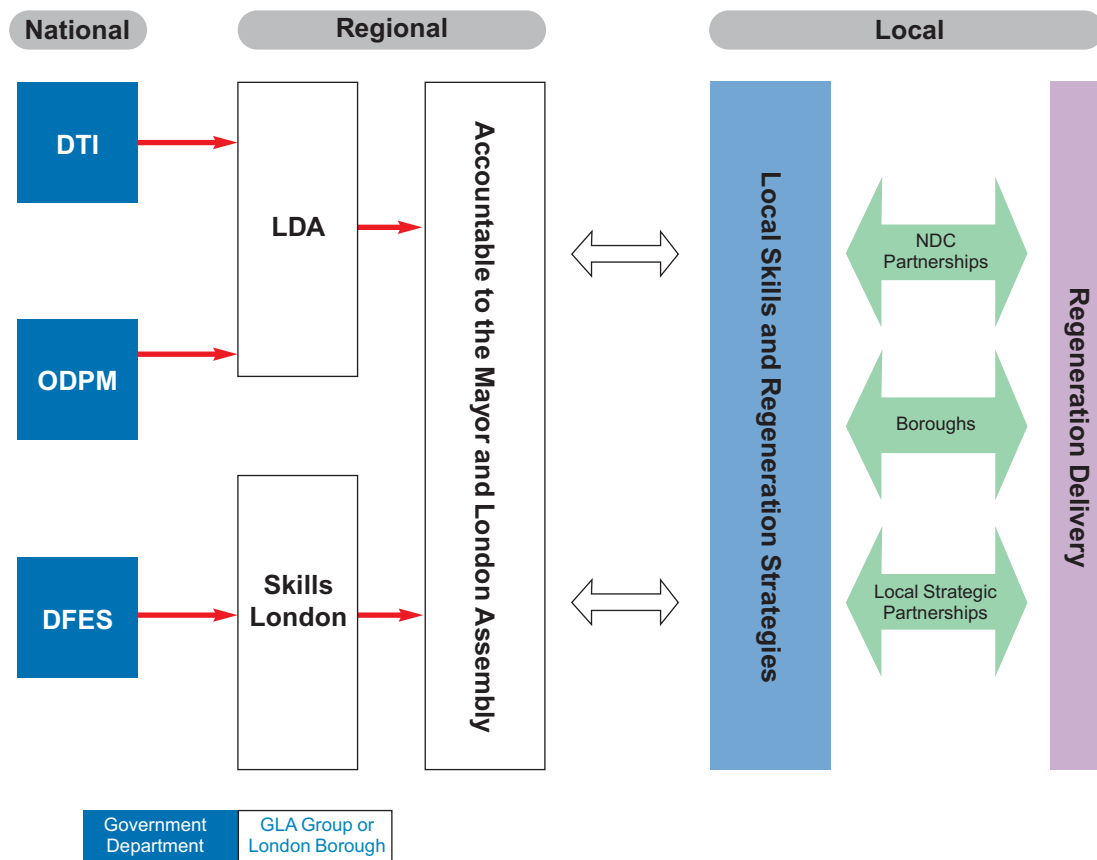
Chart 3 gives some indication of the complexity of current arrangements.

Chart 3 Current delivery arrangements of regeneration projects



3.12 We believe that there is significant scope for streamlining these arrangements (see Chart 4). In particular by releasing funding of post-16 education and skills development in London from the Learning and Skills Councils a more integrated framework bringing together economic regeneration and social regeneration could be achieved. Furthermore by building on best practice in those boroughs that produce borough-wide regeneration and skills strategies the demand side would be more co-ordinated giving greater transparency for the local population as well as scope for economies of scale and shared learning. A further refinement which is beginning to happen is the development of sub-regional economic development implementation plans, which will feed into the Mayor’s pan-London vision for regeneration and skills development.

Chart 4: A more streamlined devolved delivery chain for regeneration delivery



The Metropolitan Police Service

3.13 The Metropolitan Police Service (MPS) is, with more than 30,000 officers, by far the United Kingdom's largest police force. In addition to its 30,000 police personnel it has about 12,000 civilian staff and a growing number of police community support officers (PCSOs) - currently about 1,400. The MPS's annual budget exceeds £2.5 billion. Its organisational structure includes a series of pan-London specialist operations but, following a recent restructuring, most

day-to-day or territorial policing is managed at borough level. Each borough has its own operational command unit and a borough commander, and there is a similar arrangement for Heathrow Airport.

3.14 As part of the governance arrangements the Metropolitan Police Authority (MPA) was set up by the Greater London Authority Act 1999 as a statutory body charged with scrutinising and supporting the MPS.

The MPA Board is made up of 23 members: 12 from the London Assembly (including the Deputy Mayor) appointed by the Mayor, four magistrates selected by the Greater London Magistrates' Courts Authority and seven independents, one appointed directly by the Home Secretary and the other vacancies advertised openly. The Chair of the MPA is chosen by the members themselves, all of whom are eligible to stand.

3.15 Crime and the fear of crime remain at the top of the list of Londoners' main worries.¹¹ Recent policing trends show a mixed picture; total notifiable offences in London fell by 3.9 per cent between June 2004 and June 2005, and there was a reduction in some particular types of offences eg homicides fell from 205 to 166. There was, however, an increase in some offences that are of particular concern to the public, with recorded crimes of violence up 9.7 per cent. One of the most difficult issues facing the MPS is balancing the exceptional policing pressures on London as the UK's capital city with its high international profile, such as the terrorist threat, with meeting public demand for greater concentration on local community safety issues. Under the new Safer Neighbourhoods policy, dedicated teams of police officers and PCSOs are being allocated to groups of wards throughout London to provide reassurance and strengthen contact with the public.

Recommendations

3.16 There are a number of initiatives that we believe should be pursued to align more clearly accountability of and for service delivery and funding streams for the MPS. Borough partnerships should be continued and strengthened.

Appointing the Commissioner

3.17 The appointment of the Metropolitan Police Commissioner is currently a Crown appointment made upon recommendation from the Home Secretary and the Metropolitan Police Authority, with the Mayor being consulted. We believe that the Mayor should in principle have the power to appoint the Police Commissioner. This would visibly strengthen the direct accountability of the Metropolitan Police Service to the public through the office of the Mayor. However, given the roles of national importance that the MPS carries out (eg counter-terrorism), the Home Secretary will not wish to lose the power of recommendation. We accept that position and believe instead that the Mayor and the Home Secretary should discuss the relevant candidates' merits and make a joint recommendation to the Queen.

3.18 Some commentators have argued that there needs to be a review of the role and powers of the London Assembly to hold the Mayor and the MPS to account. There is an argument that the position of Assembly Members serving on the MPA and yet questioning MPS officers and MPA Members at Assembly meetings is untenable over the long term. One possible solution, proposed by the Mayor and some Commission members, would be for the MPA to be abolished and its executive powers transferred to the Mayor and a Police Board, appointed by the Mayor, with the scrutiny function of the MPA being transferred to the London Assembly. This would, however, give London a different mechanism for accountability from the rest of the UK and by removing directly elected representatives from the MPA would also weaken the links with local communities.

¹¹ Association of London Government, Annual Survey, 2004

3.19 We believe that the government should give consideration to the option of following the London Fire and Emergency Planning Authority model, which has Assembly Member and local government representation. This arrangement would further increase the transparency of, and strengthen the links between, strategic planning and service delivery at the local level. This process of 'co-decision' will benefit efficient service delivery. The Commission notes the recent government proposal that the Mayor could be appointed to Chair the MPA. However, we believe that in order to prevent overloading the Mayoral post, the Mayor should also be allowed to appoint the Chair. We believe that there is also a need to address the anomaly of requiring the Deputy Mayor to be appointed to the MPA.

The demarcation of local and national interests

3.20 The merging in the MPS of both local and national interests with separate lines of accountability complicates the funding arrangements for the MPS. Greater clarity may be required to ensure full funding for all the national responsibilities which the MPS carries. Central government recognises that there are distinct national functions carried out by the MPS. A 'Special Payment' is made every year; in 2005-06 this came to £217 million. Nevertheless, the MPS believes this pot is underfunded. In a written submission to the Commission, Sir Ian Blair argues that "there is a shortfall in the funding of the National, International and Capital City (NIC) activities, including Counter-Terrorism, undertaken by the MPS. For 2003/04, an independent review by Avail Consulting assessed this shortfall at nearly £34 million. Allowing for variation of deployment on NIC tasks, Avail Consulting assessed the current level of systemic underfunding in the range

of £23-45 million."

A local voice in service delivery

3.21 As part of its duties the MPA seeks to listen and engage with Londoners. This is a crucial part of the MPA's activities as it informs policing priorities for the year ahead and the way in which London is policed. The MPS has set up a Citizens Panel, made up of 3,000 people chosen to represent London's population and diversity. Each MPA member is associated with each of London's boroughs so that local views can feed into the accountability process. Furthermore, the MPA is committed to ensuring that every borough in London has a community engagement mechanism for local people to speak to their local borough command about policing issues. In most boroughs this takes the form of a Community Police Consultative Group (CPCG). In other boroughs consultative mechanisms and the ways in which the local community can speak with the local police are being reviewed or developed.

3.22 At the sharp end of crime reduction, many of the borough's Crime and Disorder Reduction Partnerships (CDRPs), which bring together statutory agencies to deliver a local crime reduction strategy, are able to demonstrate the success in having joint tasking and collaborative working. However, for some there remain important issues of accountability, continued resistance to pooling funding streams and tensions between national priorities and local needs to be resolved. Further thinking needs to take place as to how CDRPs will fit into a complex local government landscape at a time when central government is promoting the model of Local Area Agreements for joint working.

3.23 The Commission is keen to

develop ways to strengthen this process of community engagement and influence, without the need for inventing new mechanisms or new layers of bureaucracy. The Commission believes that within the existing local government family there may be scope for developing a more formal role for borough leaders with their borough commanders. This could mean that:

- the Council executive be given the right to be consulted in the process for appointing borough commanders;
- there could be formal powers to support borough Overview and Scrutiny Committees to support engagement with local police teams; and
- building on the good practice in many boroughs, a statutory right should be given for local Councillors to be consulted by their Safer Neighbourhood team on issues of local priority.

Government has proposed similar initiatives in its recently published Respect Action Plan, for example the proposal for “face the people” sessions, where senior representatives from the police and local authorities take responsibility for their services in an open question and answer session with the local population.

3.24 The underlying principle for these proposals is that answerability of local police teams to elected representatives and the local community should be enhanced where possible. But this is not an invitation for boroughs to seek involvement with daily operational control of the police in

their community. There will be scope for engagement over strategic operational matters, for example the broad approach to setting of priorities around policing of the Notting Hill Carnival, but individual police operations will rightly remain within existing policing frameworks.

3.25 Our proposals work with existing community assets to provide clear, easy to understand and effective mechanisms for local people to develop and strengthen relationships with borough policing commands and their Safer Neighbourhood teams. Crucial to the success of these measures is the resource support that councils and their officers can bring to these engagement processes. A well supported, professionally run engagement process will bring benefits to both sides of the debate in terms of focus and follow-up. The aim is not to create a new set of ‘talking shops’ but to create a dynamic environment where information is shared and a virtuous circle of influence, accountability and higher quality outcomes is achieved.

London's health care economy

3.26 It cost £9 billion to run the National Health Service (NHS) in London in 2002/03, making it an organisation similar in financial scale to the GLA Group or the combined London boroughs. The service is managed in London on behalf of the Secretary of State for Health by five strategic health authorities (SHAs), responsible for the performance management of the service. A variety of trusts commission and deliver services. Primary care trusts (PCTs) are the core local organisations in the NHS. They are responsible for providing or purchasing most of the NHS services familiar to Londoners, from hospital treatment to General Practice (GP) and dental services. Spending decisions on 75 per cent of the NHS budget are made by PCTs. Londoners' contact with the NHS is most frequently through their GPs who act as gatekeepers to specialist services. The capital has about 4,500 GPs, who are in effect independent contractors responsible for buying or renting their own premises, hiring their own staff and running their own practices as small businesses.

3.27 Governments have for some time promised greater choice for those who use public services, but bringing market pressures into health care provisioning remains controversial. The Prime Minister has stated that his objective is to "change monolithic services into services which are far more centred around the users of those services, which are more diverse in their supply, which ensure that if people are getting a bad system that they have got the ability to go elsewhere." Policy reform in the public services is therefore focused on increasing the choice of providers (for instance a choice between hospitals or

schools) as well as devising incentives to encourage providers to increase choice (for example choice of school subject or medical treatment).

3.28 This is a time of potentially great change for the NHS in London. The consultation stage of the review into the new Strategic Health Authority arrangements in London is due to close on 22 March 2006 and this is part of wider programme for delivering a patient-led NHS. Our proposals contribute to that debate. Commission members are grateful that the Department of Health now recognises that the needs of Londoners would be best met by maintaining borough-based PCT. We note however, that the Department is keen for "a radical programme of change... to ensure that London PCTs are fit for purpose". We would urge that PCTs should not (by stealth) start to amalgamate commissioning of NHS services as this could diminish the transparency of health care delivery.

3.29 Wider choice is only one aspect of the policy of reform. Government has argued that greater involvement by individual citizens in public bodies is also needed if public services are to improve. Effective representative institutions, complaints systems and user surveys are all mechanisms for giving users a 'voice' in service provision. Furthermore, alongside its five year plan, two papers from the Office of the Deputy Prime Minister¹⁴ set out a number of proposals for involving communities more effectively in decision-making.

3.30 For members of the Commission, increasing the impact of the local voice is vital to create a flexible and tailored service for all London's citizens. Reconfiguring services can help, but it is only by tying

¹⁴ 'Citizen Engagement and Public Services: Why neighbourhoods matter' and 'Vibrant Local Leadership'

the delivery of health care services into the local community that reform will deliver health improvements for the community. The diversity of London's communities and the increasing complexity of Londoners' needs require strong input and feedback from the local community. Local government can play a vital role in mediating that voice.

3.31 The NHS has a number of initiatives aimed at increasing the public voice in service delivery, but they are resource weak and poorly understood. These include the Commission for Patient and Public Involvement in Health, Patient and Public Involvement Forums, Patient Advice and Liaison Services and local council Overview and Scrutiny Committees. The proposals that follow are designed to increase local involvement in the shaping of service provision at all levels of care in the capital.

Structural change in the NHS and the impact on local accountability

3.32 In considering how to increase the impact of the local voice on service delivery two key strands of the Government's reform policy need to be highlighted - the creation of NHS Foundation Trust hospitals and the latest drive to change the way services are commissioned.

NHS Foundation Trusts and local democratic accountability

3.33 Foundation trusts were introduced in 2004. They have enhanced financial and other freedoms, while still having to deliver to NHS national standards and targets. Guy's and St Thomas', Homerton, Moorfields, Royal Marsden and University College hospitals in London

are among the first hospitals in the country to hold foundation trust status and the Government intends to extend this form of organisation.

3.34 In addition to conventional boards of directors, foundation trusts have larger boards of governors (sometimes known as members' councils) on which local authority representatives and other community stakeholders sit. Boards of governors also include members elected by local residents, patients and staff.

3.35 It is the Government's hope that involvement in such elections, as either candidates or voters, will stimulate local interest in the way the NHS is run. Participation in the first foundation trust elections has been low, however, pointing to the need for further debate about the best way to represent local democratic interests on bodies such as NHS trusts.

3.36 Nationally, some of the first trust hospitals received insufficient nominations for office to fill all vacancies, while the numbers of voters in contested elections, as proportions of local populations, has been tiny. Even at a time of concern over declining turnout in parliamentary and local government elections, the comparison between the election of councillors and foundation trust governors is striking.

3.37 This is illustrated by the contest for ten public seats on the members' council of Guy's and St Thomas' Foundation Trust, one of London's leading hospital groups located in the boroughs of Southwark and Lambeth. The ten successful candidates in the public section of the members' council took office on the basis of 924 returned voting papers, 901 of which were valid. At the May 2002 local government

15 Other hospitals have had higher turnouts (eg Homerton)

elections in Southwark, by comparison, more than 45,000 people voted. In the same elections in Lambeth, all except three of the 63 councillors elected in 2002 received higher personal votes than the total number of valid voting papers in the public section of the Guy's and St Thomas' members' council elections.¹⁵

3.38 Different hospitals have different ways of building up their members' councils: some prefer as large a membership as possible, others prefer a smaller membership with whom the executive can communicate more easily. Nevertheless the board of governors has little real power over the board of directors; it can influence or persuade but has no powers to amend budgets or force a change in procedures.

3.39 While we welcome the genuine efforts made to engage with the local community, we remain unconvinced that the governance arrangements for such important institutions as London's hospitals are best suited to deliver clear, local accountability. **A majority on the Commission believes that these boards should be abolished.** We recommend that there should be statutory local government representation on the board of directors and regular appearances in front of boroughs' Overview and Scrutiny Committees.

Reforming the NHS: implications for governance

3.40 The NHS's new Payment by Results financial structure is only part of a radical change programme which may have considerable implications for its governance and its relationships with local government. A core objective of the Government's changes is to refocus the NHS as a community-centred, primary care-driven service

rather than one dominated by big hospitals and centralised decision-making. More services will be offered in the community, with an increasing variety of advanced treatment taking place in GPs' surgeries and other settings such as walk-in centres, local diagnostic centres and a new generation of community hospitals. Social services staff will work in primary care premises such as GPs' surgeries, and healthcare services will be located in some schools and other local government facilities.

3.41 At the same time, the NHS is being opened up to private sector involvement, not only through the Private Financial Initiative (PFI) but by direct involvement in clinical activity. John Reid, the former Health Secretary, has suggested that 15 per cent of non-emergency operations could eventually be undertaken privately.

3.42 The latest Department of Health consultation (Commissioning a patient-led NHS) proposes a step-change in the way services are commissioned by front-line staff. GP practices will take on responsibility from their PCTs for commissioning services. A primary care-driven NHS will increase pressure on local authorities and primary care trusts to break down institutional barriers between health and social services. While governments have advocated this for many years, progress has been patchy. Since 2002 it has been possible for local authorities and primary care trusts to go beyond collaboration and form formal Care Trusts, bringing elements of NHS and local authority social services care under a single management. The intention is to provide a more comprehensible and connected service to groups, such as the elderly and people with mental illnesses, who often require both types of service.

However, only eight care trusts have been formed throughout the country, including one at Camden and Islington and another at Bexley.

3.43 Another impact of the reforms will be to begin redirecting the NHS from a highly-centralised, service-delivery organisation to a more fragmented commissioning agency. The new model envisages PCTs, themselves strongly influenced by the choices of patients, purchasing services on behalf of GPs or groups of GPs in a mixed market of arms-length foundation trust hospitals and private and voluntary sector providers.

3.44 This has considerable implications for future NHS governance. The current governance structure still reflects the NHS's centralised origins, with all members of trust boards appointed on behalf of central government and accountable upwards to the Secretary of State for Health. Patient choice, community-based primary care and local commissioning will focus accountability much more towards the local level. As the NHS reforms evolve, the logic of strengthening links with local government and bringing the commissioning activities of PCTs within the realm of local democratic accountability needs to be strengthened.

Recommendations

3.45 London should have a **single Strategic Health Authority (SHA)** and we urge its early establishment. We believe that the current system of five SHAs is designed to weaken the London voice within a national service with significant costs to operational efficiency, an effect which staff in the five SHAs have worked hard to mitigate. This rationalisation will bring efficiency savings, a coherence of

purpose across London and closer engagement with pan-London organisations, and develop a sense of community and communality for the NHS in London. There are however detailed issues of governance, such as ensuring a sufficient talent pool from which to appoint non-executive directors to deliver the required level of local accountability and to ensure the appropriate geographical spread, that need to be resolved. To enhance the local accountability of the SHA, consideration should be given to appointing borough and GLA representatives as non-executive directors to the Board.

3.46 We believe that, building on the work of the London Health Commission, there should be a **London Public Health strategy** formally set by the Mayor, at the start of their term of office, and in consultation with the NHS in London. There are significant gains to be made from bringing together resources and capacity from across the GLA Group to tackle complex health and social needs. There needs to be a much closer working relationship between the GLA's London Health Commission and the new SHA to avoid duplication of effort and to ensure a clear direction of travel for health commissioners and providers in London.

3.47 At a minimum to achieve better health outcomes and efficiency savings, boroughs' health plans should be brought into conformity with PCT plans and vice versa. As the NHS reforms advance, **the well performing boroughs should be allowed to take over health commissioning from PCTs**. Social care and health budgets would be pooled within a single organisation. Health commissioning priorities would become subject to local democratic debate and control, making choice an issue for the community as well as for individual

patients. Some boroughs are well advanced down this path. Croydon has a number of budgets pooled between PCTs, Health Trusts and the Council's Social Services Departments. Joint commissioning boards for mental health services in Croydon have yielded significant, demonstrable, efficiency savings.

3.48 Members of the Commission have been involved in a round of discussion with senior health officials as part of their review of London's NHS structures. **We welcome the Department of Health's commitment to PCT co-terminosity with the boroughs.** We believe that the growing benefits from co-terminosity of the borough and PCT boundaries (which brings close working relationships with the police, fire and prison service) would outweigh any marginal managerial cost savings. In our view more joint-borough working will develop organically and that PCT commissioning should follow the development of these relationships.

3.49 The pre-1990 right of the boroughs to nominate councillors to serve on all NHS trusts in their area should be restored, with the GLA and ALG nominating to London-wide NHS bodies such as the London Ambulance Service Board.

3.50 The boroughs' health scrutiny role, which gives councillors responsibility for representing the local-level public interest in the NHS, including with the GPs in that councillor's ward, should be expanded. The NHS' patient and public representation services, introduced only when Community Health Councils were abolished in 2003, are already being changed again. Giving councillors formal responsibility for representing the public interest in local NHS institutions would be more easily understandable than the inward-

looking NHS arrangements, enhancing councillors' roles as community representatives and linking health to wider local policy objectives. Local councillors should be supported to become the public face of all publicly funded local services.

3.51 We believe that boroughs should continue to develop close working relations between their PCT and their scrutiny panels. We believe there is a strong case for a joint committee established by the boroughs, to give the committee the formal powers for health scrutiny, with co-opted Assembly Members to look at pan-London issues, for example the work of any future single Strategic Health Authority or the London Ambulance Service. This could be a transition model if government decides to grant the Assembly enhanced scrutiny powers, in this field.

The Learning and Skills Council

3.52 London has a highly dynamic economy, with productivity per person 20 per cent above the UK average. It is estimated that there will be 600,000 more jobs in the capital by 2016; an increasing proportion of these will require advanced skills. As in many areas of London life there are great disparities in the population; some 24 per cent of working-age Londoners (roughly one million people) have a degree, with a further seven percent having a postgraduate qualification. Yet at the other extreme about 700,000 Londoners have no qualifications, 23 per cent have inadequate numeracy and literacy skills and some groups - such as refugees and asylum seekers - face particular barriers to employment.

3.53 At our panel session on 20 July we heard that alongside these absolute numbers, the trends in learning development in London are no longer moving in a positive direction. Despite the success registered in improving the numeracy and literacy standards of some 150,000 adults over the past five years, we heard that in terms of improvements:

- the proportion of those with a degree in London is not growing as fast as in other regions;
- the proportion of London's population with five GCSEs at A-C grades has actually gone down; and
- the reduction in the number of people with no qualification in the workforce is at its lowest level over a seven-year period.

3.54 As Jacqui Henderson, the former Regional Director, London Learning and Skills Council noted at

our meeting "for London as a whole these statistics are extremely worrying".

3.55 The national Learning and Skills Council (LSC) was established in 2001, combining the training functions of the former Training and Enterprise Councils (TECs) with the work of the Further Education Funding Council. It is responsible for funding and planning education and training in England for young people over 16 years of age (other than those in universities) and adults. These responsibilities take it into the fields of: further education; work-based training; school sixth forms; workforce development; adult and community learning; advisory and guidance services and education-business links. It has a budget of £9.3 billion in 2005/06, set to rise to more than £10 billion by 2007/08. In 2003/04, funding to London totalled about £1.2 billion.

3.56 The 15-strong national Learning and Skills Council is appointed by the Secretary of State for Education and Skills. It operates through 47 local learning and skills councils across England. Five cover London - Central, East, North, South and West - and their directors have a co-ordinating regional structure. The boundaries of London's five learning and skills councils are not co-terminous with those of the five London Strategic Health Authorities, but LSC boundaries are the same as the sub-regions in the Mayor's London Plan. LSCs overlap with the boroughs in many areas including sixth form education, regeneration and economic development, and with the London Development Agency. A memorandum of understanding is intended to ensure that the LSCs and local government work together effectively.

Recommendations

3.57 There are a number of powerful arguments as to why changes are needed to deliver a more effective and responsive service.

- The establishment of five LSCs appeared to be designed to weaken the voice of London within a national framework. At a minimum, a single LSC with a sub-regional structure would be more effective, allowing easier coordination of working partnerships to operate at the regional and sub-regional level and with more efficiency. It would allow a degree of flexibility for moving resources across London to meet greatest need. It would give London the clout it needs to ensure it achieves the level of resources to meet the challenges identified earlier. National standards set by central government would set the benchmark, which London would build on.
- Giving the Mayor the budgets, and the responsibility, to deliver on the priorities of the London Regional Skills Partnership would enhance accountability and strengthen the strategic role of the Mayorality; this would also allow for a greater degree of fine-tuning in policy to meet the distinctive challenges faced by professionals delivering learning and skills services and give London a clear mechanism to demonstrate its value-added in delivering these services.
- **The powers, budgets and responsibilities of the London LSCs should be brought into one structure, Skills London, accountable to the Mayor and answerable to the London Assembly.** This should include all the LDA's existing skills responsibilities including Business Link. The targets and budgets for the new body should be set regionally but aligned so as to contribute to the delivery of the national framework.
- The new functional body should have a board modelled along similar lines to that used for the London Fire and Emergency Planning Authority (LFEPA), which combines elected representatives from both local government and the London Assembly. Specialist experience can be brought in to support the elected members by Mayoral appointment.
- Some members of the Commission believe that the LSCs are too remote, fail to engage effectively with local politicians and are unable to respond flexibly to changing local circumstances. Borough councils have a vital role to play in feeding in local intelligence as to the challenges, needs and demands of the local population, public sector employers and the business community. With the powers, budgets and responsibilities of the London LSCs being brought into a new regional body accountable to the Mayor, the Local Strategic Partnership (LSPs) should as a matter of best practice be tasked with drawing up borough adult skills plans setting out local needs and demands. This will begin to make the system more obviously demand-driven. The LSPs could also monitor progress in the delivery of the

skills and training development strategy across its borough.

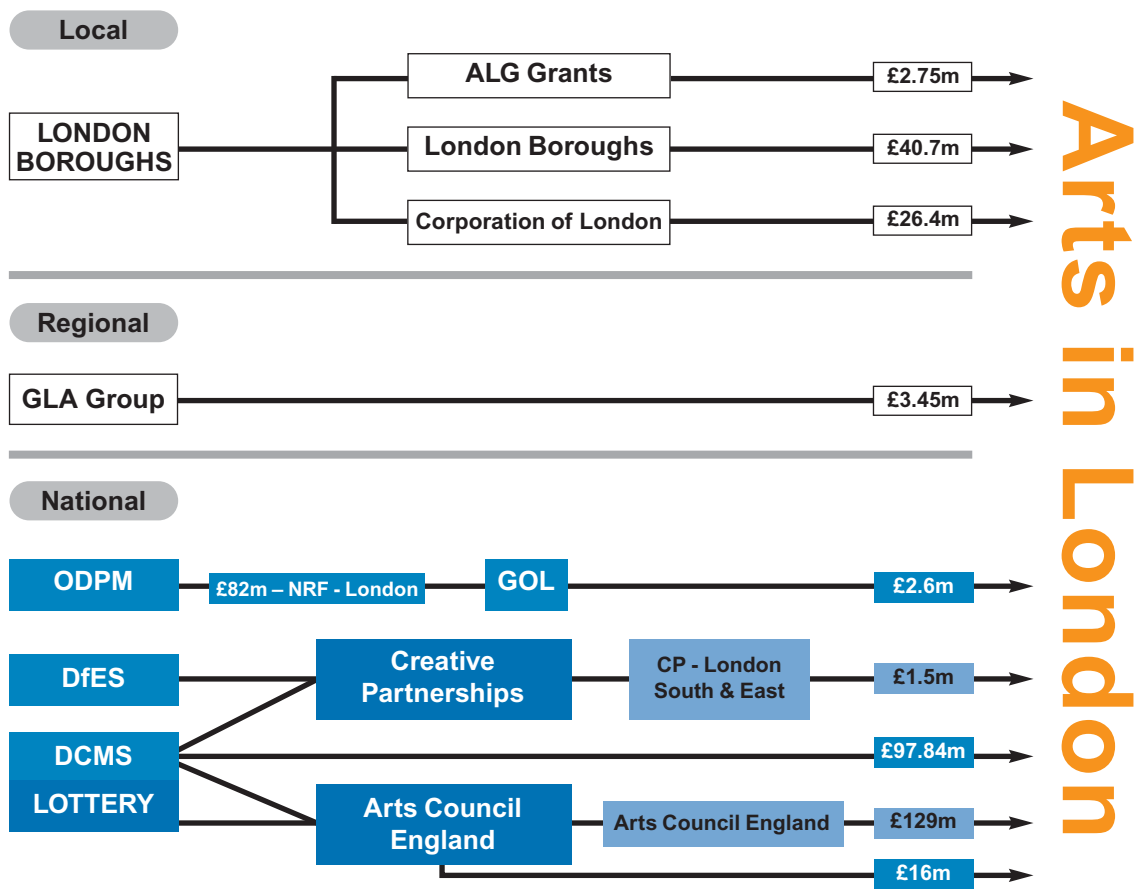
Arts funding in the City

3.58 London’s cultural organisations contribute to a wider creative industries sector which forms one of the most dynamic areas of the city’s economy, with a £21 billion annual turnover. The Mayor is statutorily required to produce a cultural strategy, and in this the Mayor calculates that London’s cultural sector receives financial support from all sources of £1.33 billion a year. Most of this comes from the public sector, with the arts the biggest single recipient (£320 million in 2002). But the structures for spending public subsidy

are complex, vary from one sub-sector to another, and produce an inconsistent patchwork of delivery. Some boroughs receive significant subsidies: others, particularly the outer London boroughs, very little.

3.59 Funding of some of London’s most famous cultural institutions - its national museums - takes place through direct agreements with the Department of Culture, Media and Sport, and in many cases their trustees are appointed by the Prime Minister. Arts Council England, created in its present form in 2002, channels both the Government’s contribution and National Lottery money to arts organisations.

Chart 5: Public funding streams for London’s arts



3.60 The Arts Council England's national council is appointed by the Secretary of State for Culture, Media and Sport. There are nine regional arts councils, including one for London, and chairs of the regional councils form part of the national council's membership. Regional arts councils are responsible for agreeing regional strategies and plans within the national framework, approving investment plans, and agreeing regional budgets and larger grants.

3.61 The 15-strong regional councils include six seats for representatives of regional and local government. Members of the London Assembly and London borough councillors serve on the London regional council and there have been discussions between the Mayor and the London region to seek coherence between its future programmes and the Mayor's cultural strategy.

3.62 While Arts Council England reserves seats on its regional councils for local government representatives, there is no obligation for funded organisations to do the same, however substantial the grants they receive. In March 2005, Arts Council England announced regular funding of £300.7m to arts organisations throughout England in 2005/06. Slightly more than half of this, £152.3m, will go to London. That is because four of the 'big five' flagship organisations supported by Arts Council England are based in London. These are the Royal Opera House, South Bank Centre, Royal National Theatre and English National Opera. Between them these four institutions will receive more than £76m, or half London's total allocation.

3.63 All four institutions, like most others funded by Arts Council England, are heavily reliant on public sector support. English National Opera's analysis of income for 2000/01, for

example, shows that 53 per cent of the total came in the form of public money from Arts Council England, and another 28 per cent directly from members of the public via the box office; some of the remainder came from other public sources such as Westminster City Council. Yet neither London local government nor the company's regular paying audience contribute to the make-up of its board, on which members serve by invitation. All four large arts organisations are registered charities and, although charities may elect trustees from among their members, they are not obliged to do so. The arts organisations have various friend and membership schemes, but these do not confer any power to elect board members. This absence of direct local government or public involvement in governance is particularly striking in respect of the South Bank Centre, which was run by the Greater London Council until its abolition in 1985 and, in its earlier days, by the London County Council.

3.64 Sarah Weir (Executive Director, Arts Council England - London) set out for the Commission the ways in which the Arts Council works closely with partners at all level of society, including with local authorities and the Mayor. But as Councillor Denise Jones (Chair of the ALG Culture and Tourism Group) argued "there is cross working, although it is not good enough yet. There should be more joined up working to make sure that we all know what arts are going on in London." We particularly welcome the work that the Arts Council is involved in to encourage bids for grants to come from outer London boroughs, but there may be scope for the Mayor to promote the availability of arts funding to ensure a wide diversity of recipients.

Recommendations

3.65 The Mayor has created a London Cultural Consortium (LCC) and shown the benefits of elected regional government becoming actively involved in promoting and lobbying for the cultural sector. There is a case for extending the Mayor's powers to help bring greater cohesion to a highly fragmented sector. As well as reducing ambiguity and overlap in the present funding arrangements, this would position cultural activities within the framework of broader social and economic policies. **The government could as a minimum fund the Mayor's LCC, as it funds other regional cultural consortia.**

3.66 **Government should also devolve down to the Mayor, in consultation with the ALG, the appointment powers for the board of Arts Council - London, including the post of Chair.** Closer working relations between the Arts Council, the ALG and the boroughs could help avoid duplication, ensure a more equitable distribution of support across the whole of London and, by providing a mechanism for combining funding streams, create greater pools of upfront capital to draw in private sponsors.

4. DELIVERING MORE EFFECTIVE SERVICES

The value of the boroughs - Identity and belonging

4.1 During the course of our work, we have often heard that previous reviews created governance arrangements 30 or 40 years behind the times¹⁷. It is quite a task to shape the “delivery chains” for the challenges yet to come. Yet this is what we must do. The arrangements for the delivery of public services must be fit for a rapidly growing and increasingly diverse city. But they must also respond to the needs of the hundreds of thousands of commuters who travel every day into the city to work and those who come, often for just a short time¹⁸, from elsewhere in the UK and abroad, to live and work.

4.2 In literature and poetry two powerful metaphors are often used to capture the essence of London life: the image of London as a great sea¹⁹ and the image of London as a series of villages. Both have value in helping us to understand the city’s social dynamics and they each provide distinct challenges for policy makers, in that the first reflects the transience of people moving in and out and across London, while the second speaks of deep rooted, permanent communities. **Local government provides the glue to bind these two worlds; its democratic mandate, its physical infrastructure of community assets, its collective memory and local knowledge can create powerful anchors for community identity. We believe that the quality of local**

service delivery will be improved by a strengthened role for boroughs in leading local partnerships, building partnerships and commissioning services to more accurately reflect local need.

The boroughs as units of representative democracy

4.3 The Herbert Royal Commission (1958-60) was tasked to make recommendations as to “whether any, and if so what changes... would better secure effective and convenient local government”. Herbert saw the growth of London outwards as a single great city, rather than a merging of important urban centres once separate and recommended a rationalisation of the “extraordinary complication of local government”, which included 29 Metropolitan boroughs in inner London, Middlesex County Council, boroughs within Essex, Hertfordshire, Kent and Surrey, three county boroughs and 24 urban districts. He proposed 51 boroughs and the Corporation of London; the Government eventually settled on 32 plus the Corporation of London.

4.4 London’s 32 boroughs (plus the Corporation of London) have their roots in the parishes and vestries of the eighteenth and nineteenth century, though some claim very remote and even mythical origins.²⁰ They are the creatures of government decision made over 40 years ago and they divide London into administrative units of variable size. Their purpose is to provide accountable and effective local government.

17 For example, the Herbert Commission created the Greater London Council in the early 1960s belatedly recognising the 1930s expansion of London into the suburbs.

18 Data from the 2001 Census shows that since the mid-1990s around 600,000 people have migrated from the rest of the UK and abroad into and out of London every year. Many thousands of people also move within London every year.

19 The nineteenth century poet Percy Bysshe Shelley wrote “London, that great sea, whose ebb and flow at once is deaf and loud, and on shore vomits its wrecks and still howls for more”.

20 The Royal Commission on Local Government (The Herbert Commission) 1957-60, p.30

4.5 Current London boroughs vary in size of residents from 164,000 in Barking and Dagenham to 340,000 in Croydon, with the average borough size around 240,000. Within the set borough boundaries the ward boundaries are kept under periodic review by the Boundary Committee of the Electoral Commission. The Boundary Committee strives to maintain electoral equality and to reflect accurately the interests and identities of local communities. Each ward has either two or three members, giving constituencies of around 10-11,000 voters. Proposals for boundary changes are consulted on and individuals, resident associations and other interested parties are able to lobby to ensure an accurate reflection of the local community.

4.6 There are a number of anomalies in the pattern of the borough boundaries: for example Finsbury Park is at the meeting of Islington, Hackney and Haringey, Kilburn is all in Brent but West Kilburn straddles Westminster and Kensington and Chelsea and the Lambeth/Wandsworth boundary splits Clapham, Balham/Clapham Park and Streatham²¹. Hazelbourne Road and Cavendish Road are examples of where the borough boundary runs down the middle.

4.7 Developing ways to ensure visible leadership for these particular communities is a challenge for respective ward councillors. **But one possible initiative could see ward councillors of places with a specific community identity (e.g Finsbury Park) coming together with local businesses to create a Business**

Improvement District (BID). Existing regulations limit the possibility of BIDs crossing boundaries, so we would press for the regulations to be changed to better reflect community identity.

4.8 The boroughs provide a reasonable mix of rich and poor, of ethnicities and of professions. Recent research shows that over the decade 1991-2001 there has been an increase in ethnic minority communities in areas where previously there was only small representation. There has, furthermore, been a dispersal of the population away from areas of traditional settlement for many communities²². Recent research also shows that “the majority of London boroughs are undoubtedly very religiously diverse areas and amongst the most diverse areas in the country²³. Income diversity is also high; ward level data shows that there is a large disparity within boroughs with high and low income wards in close proximity²⁴. They are in essence the “sustainable communities” promoted by government.

The boroughs as administrative units for service delivery

4.9 For many service providers the borough is a useful administrative unit at which to marshal resources to meet local need²⁵. Working with the local authority, valuable relationships are developed to tackle issues that require a cross-agency response. The boroughs are the right size for the development of working relationships at both the strategic level and coal-face. Some boroughs are well advanced down this path. Croydon has

21 Lambeth and Wandsworth have the highest number of cross-borough movers in London.

22 Patterns of Ethnic Segregation in London, GLA Data Management and Analysis Group, October 2005

23 Religious Diversity Indices, GLA Data Management and Analysis Group, August 2005

24 Pay check, GLA Data Management and Analysis Group, September 2005

25 Our focus groups highlighted the high priority given to boroughs as the body best placed to deliver a range of public services.

a number of budgets pooled between PCTs, Health Trusts and the Council's Social Services Departments. Joint commissioning boards for mental health services in Croydon have yielded significant, demonstrable, efficiency savings. Local Strategic Partnerships and Local Area Agreements are another more formal representation of this phenomenon. In Islington, the social services and PCT are co-located and have a number of joint appointments at Director level. Support for present structures also came from Sir Ian Blair who argued that "the late 1990s decision of the MPS to go to co-terminosity was a dramatically important and useful step, which I cannot imagine reversing under any circumstances".

4.10 A number of commentators have challenged the existing borough boundary arrangements. The Mayor, Ken Livingstone, argued that he favoured the merging of existing boroughs into "five boroughs that reflect the real sub-regions of London" in order principally to improve the efficiency of the administration by attracting to London government the best and the brightest of those wanting to serve as elected members or in the officer corps. His vision is of a Mayoralty setting policy on a pan-London basis, with five super-boroughs of over one million residents each and a vast number of neighbourhood councils with some 15 elected representatives from the ward deciding on small local planning applications, and having some say on the management of community assets and engagement with local police patrols.²⁶

4.11 Len Duvall, Group Leader of the Labour Party on the London Assembly,

has argued in a personal capacity "there is a clear economy of scale argument for more resource-intensive services being organised in units that are larger than the current boroughs... I would favour a structure based on 15 to 20 local authorities in order to provide the basis for cost-effective service delivery while remaining close enough to local communities".

Is big really better?

4.12 There are however different views as to whether big really is better. In its interim report "The future of local government" the Cabinet Office's Strategy Unit examines the factors that account for cost effective service delivery. The report argues that, while economies of scale have long been seen as a critical issue in determining the appropriate size of local authorities, "overall, the evidence base on this issue is extremely poor. Empirical studies up to the mid-1990s are both unsatisfactory and produce inconsistent results." Indeed the current reorganisation of the NHS in London has found that the value of co-terminosity may well outweigh possible gains from forced mergers of PCTs.

4.13 Programmes for structural change are often promoted as a mechanism for delivering more cost effective services. But alongside any estimate of the benefits that might accrue, there are, of course, significant costs of disruption that need to be taken into account. This would include tangible issues such as the reconfiguring of council services, including staffing upheavals to re-branding of offices, websites and stationery. It would also have to include the opportunity cost of staff time

²⁶ Interestingly enough this proposal was examined and rejected by the Herbert Commission on the grounds that the sub-regional bodies would be too large to respond flexibly to local need and the parishes powerless leading to "irresponsibility" and "frustration" of their members. (op. cit p.191)

involved spent on managing the reorganisation when their focus should be on serving the needs of their communities. There are no authoritative estimates for the range of costs likely to be involved, but they could amount to upfront costs of some hundreds of millions of pounds (see box article).

4.14 Delivering more cost effective services can be achieved in more imaginative ways by promoting greater joint working and joint commissioning, and through pooling of budgets. We have already set out the value of the borough boundaries in promoting closer working relationships between different service agencies. But we recognise the tremendous scope that exists for more cross borough initiatives to generate cost benefits.

Costs of previous local government reorganisations

When asked in parliamentary questions about the costs of previous local government reorganisations ministers have not provided figures, saying that such information is not held centrally. The Boundary Committee for England has said that it has been shown in the past to be extremely difficult to predict the cost of reorganisations.

There are, however, a few figures around that give some sense of the scale of costs. Between 1994-95 and 2000-01 the Government gave supplementary credit approvals of £492 million to councils involved in setting up new unitary authorities in England. This money was intended to meet one-off costs of reorganisation, although the £492 million did not necessarily cover all costs.

During the recent unsuccessful referendum to establish a regional assembly in the North of England, it was estimated that the costs of the consequential local government reorganisation which would have been required in County Durham would have been between £37million and £49 million.

It is not possible simply to multiply such figures to calculate the potential costs of a reorganisation in London. The creation of unitary authorities involved a realignment of services in what had been two-tier areas, while the London boroughs are already single-tier authorities. Using the available figures as a rough guide, however, it would be legitimate to speculate that a large-scale reorganisation of the London boroughs could result in one-off costs of up to several hundred million pounds.

Governments have conventionally justified the immediate costs of reorganisations on the basis of savings which they are expected to generate later. When the GLC was abolished, the then Government projected long-term savings of about £100 million a year as a result of staff reductions.

Reorganisations often give rise to other financial issues. The Scottish reorganisation of 1996, which led to a move from two-tier to unitary local government, created a need for a reallocation of grant to the new authorities. Some Scottish authorities complained that they were inadequately funded for the new services they took on, a complaint that has persisted over the past decade.

Research: Alan Pike

The boroughs delivering economies of scale

4.15 In their submission to the Commission, the Chief Executives' London Committee (CELC) stated that 'Within our councils more flexible working across departmental boundaries and outside of traditional hierarchical structures is an everyday feature and is transferred to working across organisational boundaries'. A number of examples illustrated the point:

- five North London boroughs run a joint adoption scheme;
- two North London boroughs run £50+ million PFI Street Lighting;
- four West London boroughs setting up a London Arms Length Management Organisation (ALMO) Procurement Board.

4.16 Under questioning from Commission members, the Chief Executives argued that contracting out of service provision often itself leads to consolidation of activities as private and voluntary sector providers bundle up contracts to gain economies of scale. Commission members are clear that, as boroughs move increasingly away from direct service provision to a commissioning role, pressures for deeper and broader joint working will increase.

4.17 Sir Peter Gershon's review of public sector efficiencies is an important driver for reform, but in order for joint working to succeed the process needs clear strategic direction and commitment on all sides over a period of time. The West London Alliance is proud of the steps its

boroughs have taken to promote sub-regional partnership working²⁷. Examples include choice based letting, dealing with empty properties, IT systems, transport improvements and training and development of staff and councillors. We welcome these piecemeal steps but believe that there needs to be greater leadership and drive across London.

4.18 We wish to support the development of a London Improvement Partnership (Capital Ambition) to act as a driver for more intensive joint working across the boroughs. The present "Capital Ambition" proposals form the basis for that partnership. This body made up principally of elected representatives and officers from the boroughs, the GLA and LFEPA, would work closely with the London Centre of Excellence and London Connects. This one stop shop would offer a range of services to the boroughs in terms of developing a collective responsibility for self regulation and improvement, and procurement and efficiency matters, identifying and supporting joint working, commissioning and shared services where there are proven benefits. It would also commission the identification, collation and analysis of core performance data through a performance office for London. Capital Ambition would also promote increased peer review as an improvement support activity and will develop robust and challenging intervention processes there are poor performing or failing services.

4.19 One particular area where we believe there is scope for a practical and symbolic break through in pan-London borough working is in delivering a one-stop phone number for queries on local public services.

²⁷ See the West London Alliance submission May 2005 for more detail

²⁸ Ester Fuchs, Special Adviser to Mayor Bloomberg and Rosemary Scanlon, former Deputy State Comptroller for the City of New York spoke at the 12 July Commission meeting.

The benefits of introducing such a system were set out to us by officers from the New York City administration²⁸. Mayor Bloomberg introduced his innovative 311 telephone number to increase the accountability and transparency of public service delivery. As Ester Fuchs explained “If you have a problem or an issue, you can call 311 and the operator routes you to the appropriate place to get an answer. You get a number. You get a call back to make sure that you are satisfied with at least the service you are receiving now or that somebody addressed your complaint.” The benefits to the public are immediate including easy access for addressing issues of concern over public services and the avoidance of buck-passing by the service providers. As a management tool calls through 311 help map emerging areas or issues of concern.

4.20 The Home Office is currently developing its Single Non-Emergency Number programme with local authorities as a national service. We believe that there are opportunities for London to build on this scheme and to develop further the scale of services that could be dealt with. The present proposals are for core services to cover vandalism, noisy neighbours, abandoned vehicles and so forth. We believe this could go further to include any service provided, contracted or commissioned by London boroughs.

4.21 We appreciate that this is a major challenge for the boroughs and the GLA. And we recognise that much work is on-going at many boroughs’ call-centres. But our intention is to give that work a boost and greater focus. The technology now exists to provide a pan-London one-stop reference point

for local services. We believe that the benefits in terms of increasing satisfaction with local service delivery are such that **one phone number for all London’s public services is something that we would want the London Improvement Partnership to begin to develop as a matter of priority.**

More effective waste management

4.22 **The Commission believes that there are strong arguments to consider changes to the current arrangements for waste management and waste planning.** Municipal solid waste in London is currently collected by 33 separate Waste Collection Authorities (WCAs) which are co-terminous with the boroughs and delivered to London’s Waste Disposal Authorities (WDAs) for treatment. Prior to its abolition on 31 March 1986, the Greater London Council was the WDA for London. With the abolition of the GLC, four federal groupings of boroughs (funded by levy on the constituent boroughs) were created, leaving twelve individual boroughs that act as both collection and disposal authorities.²⁹

4.23 The existing collection and disposal arrangements have been in place for nearly 20 years. However, the challenges that waste disposal authorities face in the future are of a different order to those faced so far (there are new EU statutory targets, for example) and it is timely to consider whether more strategic arrangements may make these challenges easier to resolve.

4.24 The Commission heard from a number of leading experts in the field.

29 **East London Waste Authority** - Barking & Dagenham, Havering, Newham and Redbridge
North London Waste Authority - Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest.
Western Riverside Waste Authority - Hammersmith & Fulham, Lambeth, Wandsworth and Kensington & Chelsea.
West London Waste Authority - Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond.

Many of them spoke of the need for leadership and vision for managing waste collection and disposal across London. Some argued that “next to nothing” has happened in the past 20 years to tackle the issues facing the sector and that only a strategic London-wide body could undertake these tasks. For example, we heard that London will need another 100 facilities for re-cycling, yet only five planning decisions have been reached in this area in the past five years. Others argue that, before restructuring the sector, what is needed is a clear steer from central government: including a settled policy, clear route maps and adequate funding for local government to meet its targets.

4.25 The Mayor’s Policy Director for the Environment set out arguments to the Commission for a London Single Waste Authority (LSWA). Collection would still be arranged by, and be accountable to, the boroughs and there would need to be a separate planning board to whom the waste authority would apply for planning permission. Key to his case is the argument that such an authority could:

- deliver a more cost effective waste disposal regime;
- create pan-London ‘sticks and carrots’ to drive up re-cycling rates;
- harness available funding streams to raise the level of investment for needed infrastructure; and
- promote a single awareness campaign.

4.26 **Some members of the Commission expressly support the Mayoral proposals for a Single Waste Authority (SWA) structured as a functional body. Others believe**

that there are a number of options, which need to be assessed more thoroughly. In particular, many on the Commission support a so-called Section 101 Committee with a full role for the Mayor and embracing his strategy. This option would avoid the separation of collection and disposal into different tiers of local government and could be delivered quickly as it avoids the need for primary legislation.

4.27 In evidence to the Commission, we heard a number of concerns expressed in opposition to the Mayor’s proposals, which the government should address: in particular, the fear that the Single Waste Authority (SWA) would not be in touch with local requirements, perceptions and feelings. The fear is that decisions could be imposed on local communities in the name of what is best for London regardless of genuine local concerns and without an appropriate timescale for those concerns to be properly aired. There could be cost implications associated with the Mayor’s decisions and for which the Mayor would need to be responsible. There needs to be some protection offered to the boroughs from the possible imposition of a regime by a Mayor which might have serious financial consequences. There should be some checks and balances on anything that involves the transfer of resources directed by a person who does not collect them. Furthermore, consideration must be given as to how to preserve links between collection and disposal functions to avoid disputes at the margin.

4.28 **The Commission believes that if the SWA were established its board should combine the strengths of Mayoral leadership, borough expertise and the pan-London perspective brought by Assembly Members. A mixed**

membership along the lines of LFEPA with private and voluntary sector participation as necessary would provide firm foundations for implementing an agreed London waste strategy. These arrangements would also need to ensure that the budget be open to scrutiny by the Assembly and that the Assembly's powers of summons in respect of functional bodies' personnel and documentation would apply.

5. A NEW SETTLEMENT FOR LONDON: REINVIGORATING LOCAL DEMOCRACY

The Government Office for London

“As the vast majority of Londoners do not know of GOL’s existence, I do not believe it is accountable to the citizen. It is another tier of central government and the question must be asked as to why government departments can’t deal directly with local authorities.”³⁰

5.1 It is ten years since Government Offices were set up in the English regions in an attempt to take locally-focused central government activities closer to the public. Their introduction followed concerted local-level criticisms of restrictive Whitehall departmentalism, excessive numbers of national policy initiatives, lack of integration between projects, the short-term nature of government funded programmes and insufficient local autonomy. In spite of progress in some areas, many of the same criticisms continue to be voiced.

5.2 The Government Offices now represent the interests of ten Whitehall departments: Office of the Deputy Prime Minister (ODPM) Department of Trade and Industry; Department for Education and Skills; Department for Transport; the Cabinet Office; Department for Environment, Food and Rural Affairs; Home Office; Department for Culture, Media and Sport; Department for Work and Pensions; and Department of Health. The ODPM has lead responsibility for the regional offices.

5.3 Since the Government Office for London (GOL) was established, the capital’s governance structure has diverged from the other eight English regions. It now has, with the creation of

the Greater London Authority, an elected executive Mayor and full-time Assembly. These major developments, however, have not led to changes in the scope of the Government Office for London or reductions in its size.

5.4 GOL’s running costs in 1999/00, a year in which the office was preparing for the first Mayoral and Assembly elections and the establishment of the GLA, were £16m. In each of the subsequent two years these fell to £13.2m but by 2003/04 GOL’s running costs had risen again to £16.6m. The 2003/04 administrative expenditure of the Government Office for the South East, a region comparable to London in terms of population but without elected regional government, was £14.1m. Most of GOL’s expenditure is on staff. Numbers fell from 370 in April 2000 to 240 in April 2001, but have since risen again annually and now stand at around 320.

5.5 A breakdown of GOL’s £2.72bn programme expenditure for 2003/04 was set out in our report ‘Capital Life’. Although a large part of this is passed on as grant to the GLA family of bodies and other service providers, GOL is involved in managing more than 40 individual programmes on behalf of Whitehall departments.

5.6 Many of our guests and respondents to our consultation paper have argued for the abolition or radical downsizing of GOL. One particularly telling argument is that “GOL has the ultimate conflict of interest: to seek to represent London’s interests to government whilst being government’s agents in London”. In respect of housing, one of our guests argued that “The strongest reason for getting the GLA to take over is that GOL have done such a bad job of having the

30 LB Waltham Forest

strategy and having the money. They have represented us badly... they are essentially paralysed; they cannot do anything about it because one bit of government would be seen to be arguing with another bit of government.”

5.7 A number of boroughs argued for radical change from a variety of different perspectives including:

- “Experience of GOL will vary across boroughs and activities. We certainly have questions about value added in relation to some activities... funding streams could be channelled through the GLA or directly to London boroughs.”
- “GOL has responsibility for a significant volume of funding streams and its role and the resources available to it seem entirely disproportionate in relation to that of the GLA and what might be expected to be a more rational local government structure for London following the GLA’s inception. Certainly having such funding streams administered through the GLA, for example, rather than the GOL, would increase accountability for obvious reasons.”
- “The Council’s main concern about GOL is that it has not been successful in presenting London boroughs with a single face... [GOL] is not accountable at all... .”

5.8 The continued size and influence of GOL contrasts with the scaled-down way in which central government has been represented in Scotland and Wales since devolution. The former Scottish and Welsh Offices, now called the Scotland and

Wales Offices, have become part of the Department of Constitutional Affairs. Their main function is to represent Scottish and Welsh interests at Westminster and liaise with the devolved administrations; they are not involved directly with on-the-ground services and they have staff complements of about 66 and 55 respectively.

5.9 The Scotland and Wales Offices provide an alternative model for central government’s relationships with London now that it is - and for the foreseeable future will remain - the only English region with elected regional government. On such a basis, the test would be whether it was absolutely necessary for GOL, rather than elected regional and local government, to fund or monitor a particular programme; where it was not, GOL would withdraw.

5.10 A system of dual responsibility between central and London government could be adopted where necessary. The London Development Agency (LDA) is an existing example of such a dual approach. Although one of the nine statutory English regional development agencies, the LDA is a GLA functional body. Its board is appointed by the Mayor rather than the government, and its performance targets are agreed by both the Mayor and government.

5.11 Most of GOL’s activity is in areas where it overlaps with London’s regional and local government; a reduction in its role would simplify structures and offer opportunities for efficiency savings.

Recommendation

5.12 Our conclusion is that GOL should be released from the standard structure of the English Government Offices to one reflecting London’s

unique status in having elected regional government. We believe that GOL should be re-structured in such a way that its main functions are to offer secretariat and briefing support to ministers at ODPM, principally the Minister for London. A transition team at GOL should help devolve down long running programmes such as the New Deal for Communities or Neighbourhood Renewal Funding, and initiate and then withdraw from schemes such as the proposals for the extension of Local Area Agreements across London. In order to assure ministers that there is a safeguard to prevent any programme or service previously overseen by GOL from failing there should be a right of intervention, with co-decision being effected by the Mayor and the ALG Leaders' Committee through our proposed London Performance Agency.

5.13 We are disappointed that the Government's consultation into the powers of the Mayor and the GLA do not include recommendations to the HM Treasury review of Government Offices. We believe that it is now time to act to release resources and cut through the duplication to make a real contribution to improve local democracy. A detailed list of how we would wish to see GOL's funding streams devolved are set out in annex B.

The role of the Mayor and the GLA

5.14 At the London-wide level, the Greater London Authority (GLA) is made up of the Mayor of London and the London Assembly. The GLA is a focused, strategic authority providing a vision and voice for London. The Mayor is the executive arm of the Authority, with responsibilities for devising London-wide strategies and plans, proposing a budget, making appointments to the bodies under his control and co-ordinating actions to implement his strategies. The Assembly is the scrutiny arm of the GLA providing essential checks and balances to the power of the Mayor.

5.15 Following the announcement of the Government's review of the powers and responsibilities of the Mayor and GLA, the Commission set out a number of recommendations for devolving powers down to the regional tier. We welcome the opportunity now to consider specific proposals to devolve powers and responsibilities to the GLA. However, we are clear that the GLA should remain a strategic authority setting the direction and regional framework, and should not become a delivery body. Delivery is rightly the role of the functional bodies or the boroughs.

5.16 The Government's consultation paper sets out a number of options and proposals for granting additional powers and responsibilities to the GLA. There are options for additional Mayoral powers in the fields of housing, learning and skills, planning and waste management and waste planning. There are also options for changes to the Mayor's relationship with the functional bodies and proposals for developing the role of the Assembly. Our submission is included as an annex to this report.

Streamlining delivery chains

5.17 There are a number of specific areas where the Commission would wish to see powers devolved where the effectiveness and efficiency of public service delivery could be enhanced and where the streamlining of that delivery chain can boost accountability.

- As set out in paragraphs 3.52 to 3.57 of this report, the Commission supports the radical option of devolving current Learning and Skills Council powers to the Mayor;
- As set out in paragraph 3.46 of this report, the Commission supports a more formalised role for the Mayor, in consultation with the London Strategic Health Authority, in drawing up a London Public Health Strategy;
- As set out in paragraph 5.13 of this report, the Commission supports the dramatic downsizing of the Government Office for London with the consequence that EU funding should go to the Mayor/LDA

Increase transparency and accountability

5.18 There are a number of specific areas where the Commission would wish to see measures taken to increase transparency and accountability of governance boards for service delivery.

- With respect to the proposals for the establishment of a new functional body to direct London's waste manage-

ment, the Commission believes that if a single Strategic Waste Authority were established its board should combine the strengths of Mayoral leadership, borough expertise and the pan-London perspective brought by Assembly Members.

- A mixed membership along the lines of LFEPA with private and voluntary sector participation as necessary would provide firm foundations for implementing an agreed London waste strategy. These arrangements would also need to ensure that the budget were open to scrutiny by the Assembly and that the Assembly's powers of summons in respect of functional bodies' personnel and documentation would apply.

Separate billing for the GLA

5.21 Members of the Commission believe that it is right to consider the separate billing of the GLA precept so that Londoners can more clearly understand the cost of the services provided by the GLA and its functional bodies.

5.22 There are two main options. Londoners could receive a separate bill from the GLA or there could be a greater degree of separation in the presentation of the existing council tax bill, which would more clearly indicate the extent of the share of the council tax going to the GLA. The stronger option of separate billing would need to be cost neutral, for both the boroughs and the council tax-payer, and must be easy to understand. To be cost neutral

the GLA bill could be included in the same envelope as the Borough's council tax demand and collected by each borough. **We believe that the Lyons inquiry should accept this principle and make recommendations.**

The role of the London Assembly

5.23 The Commission is clear that, in any discussion about revising Mayoral and GLA powers, consideration needs to be given to how the checks and balances to Mayoral powers should be refined. In particular, we welcome consideration in the consultation paper of how the role of the London Assembly should evolve to ensure that there is sufficient challenge to the executive.

5.24 The London Assembly is a vital partner to the Mayor in ensuring good governance in the capital, the delivery of value for money policies and the input of the views of all local people in the Mayor's decision-making process.

Assembly powers in relation to the Mayor

5.25 To date there have been eight Mayoral statutory strategies and seven non-statutory strategies. The Assembly has a preferred stakeholder status, being consulted before other interested parties by the Mayor on any statutory strategy or change to the strategies. This provides some input into the formation stage of the Mayor's policies, but no real power to check or balance his ability to dispense resources. The Mayor can listen but take no notice. **The electorate provides a broad mandate to govern but the Assembly provides the day-to-day accountability and challenge for specific policies and programmes.**

5.26 Some Commission members believe that the London Assembly needs to have an extension of its powers both to strengthen the quality of the challenge to the Mayor and to validate the Mayor's assertion that he is receptive to the views of all Londoners. One refinement could be that there should be meaningful opportunities for the Assembly to influence all the Mayor's strategies, for instance via pre-scrutiny or call-in powers similar to those exercised by local authority Overview and Scrutiny Committees. But such powers would stop short of creating a new power of amendment of final draft strategy documents. The need for the Mayor to consult with and gain the approval of the Assembly would mean that the political constituency that supports his policy would be larger than it has to be at present. The London boroughs would feel more assured that their concerns would be aired. These changes would not significantly restrict the Mayor's ability to act in a decisive fashion.

5.27 Some members of the Commission believe that more radical change is required, with the Assembly's existing powers to amend and present an alternative budget, with the agreement of two-thirds of its members, to be extended to cover all the major policy areas in which the Mayor presents his strategies. There would therefore be a 'Second Reading' debate on the principles of the strategy and then consideration of the strategy in plenary session or in committee. The Assembly would then have the ability to block the strategy given a two-thirds majority. The Assembly would therefore evolve down the path of the other devolved authorities developing into a 'quasi-legislative' body. This would in effect give the Assembly the power to scrutinise the Mayor's spending plans before the

commitments are made.

5.28 Furthermore, there are clear benefits in terms of improving accountability of service delivery for there to be an enhanced scrutiny role for the Assembly for London-wide bodies that are not accountable to the Mayor (eg London Ambulance Service, London SHA, London LSC).

The role of Assembly Members on the boards of the functional bodies

5.29 The GLA's four functional bodies (Transport for London, TfL, the Metropolitan Police Authority, MPA, the London Fire and Emergency Planning Authority, LFEPA and the London Development Agency, LDA) deliver transport, policing, fire and emergency planning, regeneration and business support services. Collectively they have a budget of some £10 billion, the bulk of which is government grant. Each of the functional bodies has slightly different governance arrangements:

- TfL is directed by a management board whose members are chosen for their understanding of transport matters and appointed by Ken Livingstone, Mayor of London, who chairs the TfL Board. No Assembly Members or London councillors are permitted to sit on the Board.
- The LDA Board is a business-led board, which is appointed by the Mayor. It gives strategic leadership to the organisation and is accountable to the Mayor for the Agency's performance and targets. Its 14 members include Assembly Members, councillors and business representatives.
- LFEPA's 17 members are the

Authority's main decision making body. They focus on the organisation's strategy and policy; its responsibilities include appointing senior staff and hearing disciplinary cases. Members, and the Chair, are appointed by the Mayor; nine members are from the London Assembly and eight are nominated by the London boroughs via the Association of London Government.

- The MPA has 23 members: 12 from the Assembly appointed by the Mayor, four magistrates selected by the Greater London Magistrates' Courts Authority and seven independents, of whom one is appointed directly by the Home Secretary. The MPA is tasked with increasing community confidence and trust in London's police service, setting policing targets and monitoring performance. The Chair is elected by its members.

5.30 These boards are part of the executive, and appointments to them an important patronage power of the Mayor. Yet these arrangements lack consistency and offer different forms of accountability. For example the Chair of the MPA is elected by the MPA Board but the Chair of LFEPA is appointed by the Mayor. There appears to be no rational for these different arrangements, nor any underlying principles to guide membership and appointments.

5.31 The Commission, however, believes that there does indeed need to be reform of the boards of the functional bodies, but that **the direction of travel should be in order to make them more representative of London's government as a whole. The Commission supports the principle that all existing and new**

functional bodies should have a majority of elected representatives on their governing body. This should include a balance of Assembly members and borough representatives. The current LFEPA model has been put forward by some as a preferred model.

The Commission believes that:

- all functional bodies, existing and newly created, should include a proper balance of members from both the Assembly and the London boroughs. Boards combining borough and Assembly members achieve a mixture of local intelligence and pan-London views vital to help steer pan-London services. They provide a visible link to local communities. This arrangement would further increase the transparency of, and strengthen the links between, strategic planning and service delivery at the local level;
- all functional bodies should be chaired by an elected member on appointment by the Mayor;

5.32 Following this model would mean reform of the constitution of the board of Transport for London to allow Assembly Members and London councillors to sit on it. The number and appointment of the Assembly and ALG members should be looked at in the round to ensure that elected members are able to contribute effectively to the running of the authorities.

The Assembly and the boroughs

5.33 Some members of the Commission are keen to explore ways in which greater synergies could be realised by closer working between the

Assembly and the Association of London Government. There have been some limited examples of joint working, for example a joint scrutiny of a pan-London service, the London Ambulance Service, but closer co-operation could boost the resource base that Assembly Members could draw on and provide the boroughs with a more effective way of making representations to the Mayor's policy development. For example, there is a strong case for a joint committee established by boroughs, which would have the statutory powers for health scrutiny, with co-opted Assembly Members, to look at the work of any future single Strategic Health Authority for London. This could be a transition model if government decided to grant the Assembly enhanced scrutiny powers, for example the ability to summon representatives of those bodies, in health and other fields

The role of the council

5.34 London's boroughs are at the heart of local public service provision. They spend more than £11 billion a year on public services. About half is spent on education and £3 billion of it on social services. Among the many areas they work in the boroughs own and maintain just under 500,000 homes, provide care for over 12,000 vulnerable children in residential and foster care, collect and dispose of household waste and deal with planning permissions and the licensing of pubs, clubs and restaurants. Yet for many in local government the role of councils has changed to the detriment under pressure from successive national governments to deliver national priorities and as there has been an increase in the diversity of service providers (private, voluntary and not-for-profit bodies). Government recognises that this is an apposite time for a reassessment of the role of local

government and has extended the remit of Sir Michael Lyons' inquiry into local government funding, so that he can consider issues relating to the wider functions of local government.³¹

5.35 The Commission believes that the scope for local discretion and influence has weakened over time creating a system of local administration instead of local government. Government itself recognises that local authorities have a reduced role in direct service delivery and in aspects of service commissioning. For example, in the three largest local authority services (schools, social services and housing) the centre maintains a strong role setting priorities, targets and funding, and local discretion is heavily circumscribed. Nevertheless, the report into the Future of Local Government prepared by the Cabinet Office's Strategy Unit recognises that, as a result of local government's historical role, together with the fragmentation and increased diversity of service providers, the borough stands at the centre of a complex set of relationships with a wide range of local service agencies and interest groups. It is this role of community leadership that we seek to strengthen and enhance.

5.36 We propose:

- building up the commissioning role of the boroughs in health, social services and education;
- building up the partnership role of the boroughs through their management of strengthened Local Strategic Partnerships and expanded Local Area Agreements;

- building up the leadership role of the boroughs through the setting of local strategies in the fields of economic regeneration, health and social services, skills and policing
- building up the ability of the boroughs to enhance the local environment through a menu of local revenue schemes.

The council as commissioning agent...

5.37 The complex and demanding nature of the challenges facing London boroughs makes the seamless provision of local services vital. We believe that the London borough should be the commissioning agent for the key life-changing public services of health, education and social services.

5.38 Commissioning involves an assessment of the needs of the community, specification of services to be procured and clear agreements about the cost, volume and outputs required of providers. There are opportunities for longer term agreements with providers provided that there is sufficient flexibility to adapt to changes in the local need. Commissioning enables a clear focus on the needs of the area and can enhance the role of elected members in the provision of services that meet local circumstances.

5.39 The Government has recognised the scope for the local council playing "a new commissioning role in relation to a new school system, at the heart of their local communities,

31 Office of the Deputy Prime Minister, News Release 2005/0193

and responsive to the needs of parents and pupils³². Furthermore the Government proposes that local authorities and primary care trusts (PCTs) develop the commissioning role as the basis for securing services in a “patient-led NHS”. PCTs and London boroughs can also develop shared functions and integrated social and health care for people with support and medical needs.

5.40 Integrating the commissioning of these services could generate efficiency savings from the potential for shared premises and functions and opportunities for better procurement, reduction of agency costs and use of new technology. **There are opportunities for London wide commissioning of services as well as agreements between neighbouring PCTs, schools and London boroughs on a sub-regional basis.**

5.41 There is a strong foundation for this work in London. For example, Kensington and Chelsea has a totally integrated service for learning disabilities and aim to fully integrate mental health services in 2006. Harrow has a joint service manager and joint commissioning team for services to people with physical disabilities, people needing mental health services, learning disabilities, older people and substance misuse and a manager with responsibility for prevention and carers. In Camden there is similar joint working and cross sector commissioning of HIV services as well as joint commissioning of children’s services including designated nurses for children. The Southwark PCT chief executive is also Southwark Council’s strategic director of social services. PCTs and boroughs have made arrangements for pooled

budgets and joint procedures for tackling delayed discharge of patients, providing aids and adaptations for vulnerable people, health visitors and other services.

5.42 **But we want to go further: we believe that all well performing boroughs should be able to act as the commissioning agent for local GPs. In effect the PCT will be folded into the local authority.** We believe that this proposal works with the grain of the Government’s proposals to develop a patient led NHS with local intelligence and local needs assessment driving the commissioning of health services. We believe that the benefit of providing a more seamless service for people with complex health and social service needs is the golden egg of the streamlining of governance arrangements.

Supported by local strategies

5.43 In order to underpin this enhanced commissioning role, one proposal could be for boroughs to produce annual strategies in the fields of economic regeneration, health and social services, skills and policing. These documents would capture local intelligence fed in by ward councillors and other interested parties. They would provide an evidence-based directory of local need. Available to all residents they would provide a vital link between the council and its local residents, setting out the proposed direction of travel and key milestones, so increasing understanding of what the council is striving to achieve and how the local population could get involved.

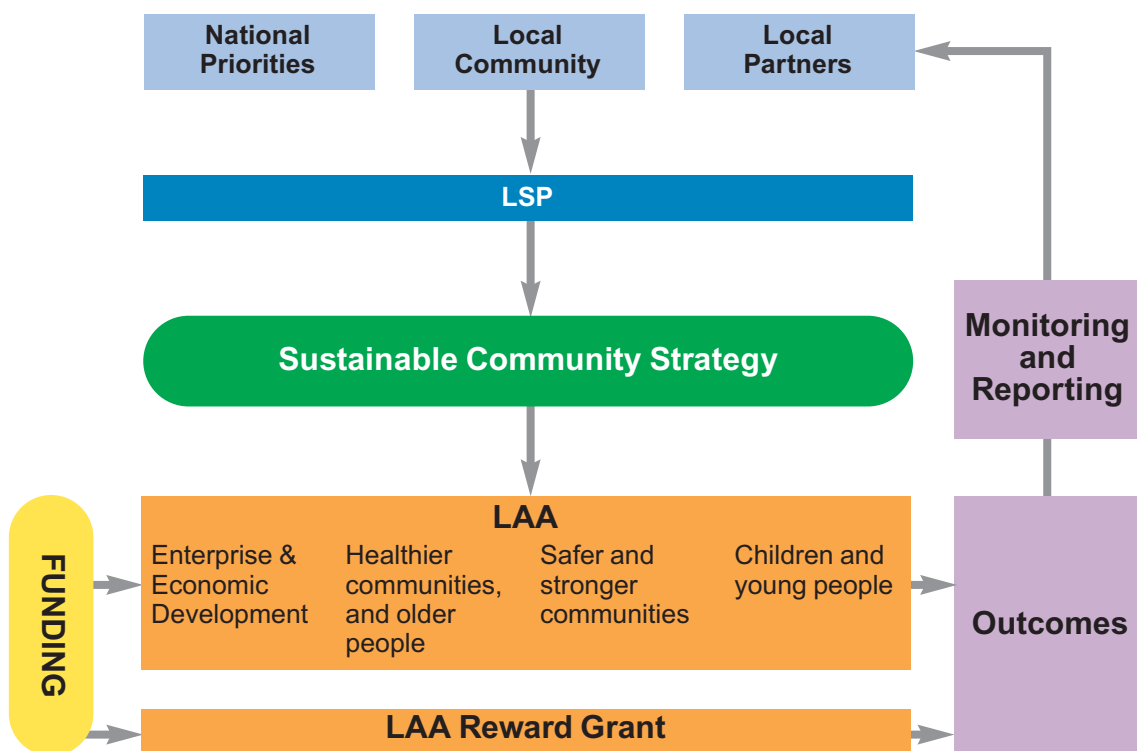
32 Education White Paper, Chapter 9

Will strengthen the role of the council as the community leader

5.44 Government has set great store by its policy of promoting Local Area Agreements (LAAs) They bring together central government, local government and other partners. They set high-level objectives to deliver outcomes related to national objectives, pool budgets and are built around the themes of healthier communities and older people, safe and stronger communities and children and young people³³. There are currently two pilots in London: Hammersmith and Fulham and Greenwich.

5.45 We welcome the latest developments in government thinking which promotes Local Area Agreements as the product of Local Strategic Partnerships (LSPs) - see Chart 6 - and see this process as strengthening the role of the local authority as the community leader. Nevertheless we believe there are a number of issues that government needs to address to ensure they are truly fit for purpose for delivering LAAs; for example to whom are LSPs accountable? Should they have an administration budget? What sanctions could there be on those partners who don't deliver? How can local councils have accountability status (eg for some regeneration projects) without the authority?

Chart 6: Local Area Agreement Framework



Source: ODPM , LAA team

33 A new block to promote enterprise and economic development will soon be added.

Greater discretion over local income streams

5.46 London's democratically elected local government raises little of its own money for spending on public services. Of the £57 billion³⁴ that came into London's public services in 2004-05, just £2.5 billion (4.4% of the total) was raised locally. There is also limited discretion over spending. Around two-thirds of the total spent in London on public services is outside the scope and influence of local control. And of the £20 billion spent annually by the boroughs and the GLA, central government targets and priorities direct much of that spending.

5.47 London's financial flows are a complex web of national and local payments. The provision of a particular service (for example, care for the elderly) may bring together a range of funding streams from government and private providers and not-for-profit organisations. Government funding may be provided in the form of bloc grants, be set by complex grant formulae, or be bid for by organisations seeking access to public funds.

5.48 The small proportion of taxes raised locally to fund London's public services and the extent to which we remain at the "mercy of central government" is a consistent refrain from our guests and contributors. Representatives from the business community argued that "powers and finance have to go together and, so long as central government keeps hold of the purse strings, you have not got real devolution."

5.49 Boroughs also argue for greater financial freedoms to allow funding to better match needs:

- The Royal Borough of Kingston upon Thames argued that "the existing funding regime is in need of review" because it "significantly restricts our ability to provide the level of services that we would wish for our residents."
- Lambeth argued that "current funding arrangements such as the Formula Grant Distribution system do not sufficiently recognise the diverse needs of the communities resident in many London boroughs."
- Wandsworth argued that "London needs a fair share of resources to meet its special needs. Ideally more should be raised locally. We would support a return of business rates to London councils, with suitable equalisation arrangements."

London's financial landscape

5.50 Of the £57 billion funnelled into London's public services in 2004/05 the largest component of government expenditure is social protection (ie social security). Then follows 'health and personal social services' and 'education'. Together these categories make up around 55% of total spending in London. Of this total just £11 billion is funnelled through London's local authorities and £9 billion through the GLA. But even then much of this funding is 'ring-fenced' or nationally directed (for example, much of the spending on education). The table below gives the latest available figures for tax receipts in London (*= excluding value added tax)

34 Latest data from HM Treasury: Public Expenditure Statistical Analyses 2005

5.51 Though council tax accounts for just under 4% of London’s total tax take, it is the only tax that can be set by locally elected representatives, albeit subject to potential government capping powers. The main difficulty is that, because the council tax meets around 25 per cent of spending by councils, this means that, for each 1 per cent added to spending, there is an average increase of around 4 per cent in council tax. This gearing effect, and the fear of capping by central government, limits the ability of local people to have control over their own financing needs³⁵. **The Commission has therefore agreed to look at areas of tax policy that could be used to enhance local control and be off-set against the amount raised at national level.**

5.52 There is also interest in exploring mechanisms by which London’s authorities can be incentivised to raise revenue through supplementary sources by allowing them to keep some or all of the gains without compensating reductions in Formula Grant. We also believe that it is time for a mature debate on the extent to which London should provide a net contribution to the national tax pot. On present calculations London contributes somewhere between £7 and £15 billion into national coffers for redistribution across the UK. We would argue that that sum should be reduced with a greater local control granted to locally raised finances. Our specific proposals for re-localising the business rate are set out in the following paragraphs.

Tax	Yield (£bn)
Income tax plus tax credit	18.2
Council tax	2.4
Vehicle tax	0.7
Social contributions	9.9
Valued added tax	9.6
Corporation tax	4.7
Stamp duty	0.9
Total customs and excise duties*	6.9
Petroleum tax and oil royalties	0.2
Capital gains tax and inheritance tax	0.5
Business rates	3.5
Other taxes and royalties	1.7
Interest and dividends	0.7
Other receipts	3.1
Total	63.0

Re-localising the business rate

5.53 Local economic development and regeneration depends upon a strong working relationship between businesses and local authorities. Both parties share a wide range of common interests in terms of creating a safe, vibrant, and accessible working and shopping environment. We believe that it is time for the relationship to be formalised to ensure what Jo Valentine (Chief Executive of London First) described as a “better local join”. In particular we believe that it is time for government to examine the option of re-localising the business rate in London.

5.54 Business rates are the means by which businesses and others who occupy non-domestic property make a contribution towards the cost of local services. The last time business rates were fundamentally reformed was fifteen years ago, when the

³⁵ The Council Tax contributes different proportions of total funding for the London boroughs. For example council tax contributes just 13% for Tower Hamlets, but 50% for Richmond.

introduction of a Uniform Business Rate broke the link between what businesses pay and the service improvements they enjoy. Though they are collected by local authorities, since 1990/91 business rates have been paid into a national pool and redistributed by central government to local authorities according to the number of people living in the area. Although London provides £3.8 billion of business rate revenue, the London boroughs receive around £2 billion and the GLA receives £205 million. This gives a net contribution to the national pot of £1.6 billion³⁶.

5.55 It is important to note that, as the government has limited the increase in the business rate to the rate of inflation, the share of local government funding paid through the business rate has gone down despite the extraordinary period of economic growth the country has benefited from over the past decade. Local Government Association (LGA) estimates suggest that in 1990/91 business rates accounted for 32 per cent of council expenditure, but by 2003/04 this share had fallen to 22.4 per cent and for 2005/06 it is an estimated 22%.

5.56 **We believe that there are strong arguments for re-localising the business rate.** In practical terms it would be a relatively straightforward process with revaluation every five years, as now, so the business rate more fairly reflect rateable value. For London as a whole there would also need to be a revised equalisation mechanism, operating through the government grant scheme.

5.57 We recognise however that business will fear excessive or arbitrary increases. We note with

interest the comments made to our Commission hearing on 12 April by Irving Yass (Director of Policy, London First) who argued that “one thing which has been a success recently is Business Improvement Districts (BIDs), where there is evidence that businesses are willing to pay a business tax if they have a real say in how it is raised and what it is spent on. Thus far we have had no objections.”

Linking the business rate increase to that of the council tax

5.58 **The Commission believes that the simplest option would be to link the local business rate increase to that made to the council tax.** This linking would engender closer partnership working as councils negotiate over the rate with business and local citizens and spell out what additional benefits business could expect from any changes to the business rate. Given government’s expressed intention to limit through capping council tax increases businesses are explicitly protected from any extraordinary increases.

An alternative option: the boroughs as BIDs

5.59 We want to build on comments from business representatives and develop further the relationships that are evolving through contact on the Local Strategic Partnerships. We have also reflected on the comments made to us by Michael Snyder, Chairman of the Policy and Resources Committee, Corporation of London who set forth the benefits he believed flowed from establishing the City as a “sort of a BID” and who argued that there “could now be much greater input from

36 GLA submission to the Lyons Inquiry

business rate payers to local policies perhaps by creating an obligation to take account of such input when formulating the local authority's policy. This should be reflected in the way money from businesses is raised at local level." We believe that each borough should be treated as though it were a Business Improvement District.

5.60 With our proposals for borough strategies for regeneration, health and skills clearly demonstrating the direction of travel the borough is committed to. These strategies will allow the borough to set out its' case for any proposed changes to the business rate and how any extra monies would be used or how any reduction in the business rate would be funded. This would increase transparency of the borough's activities, increase local accountability of both boroughs and businesses and help cement a more dynamic relationship. Over the long term if could see more business people standing as local candidates in local elections again.

Checks and balances

5.61 **We would also support the development of a set of arrangements whereby the council consults with its chamber of commerce and other representatives of the business community**, which in turn consults the local business community. If these talks fail to deliver agreement then there would be a weighted voting arrangement. We would of course expect the local chambers of commerce to ensure that they are more fully representative of the business community as a whole before this arrangement was established.

Piloting new revenue streams

5.62 Property taxes have always been the bedrock of local government revenues. There is a clear line of accountability from resident to the local councils for the provision of services to that household. The Council Tax was introduced in 1993 as a replacement for the unpopular Community Charge. Overall the Council Tax raises just over £2 billion per annum, but it contributes different proportions of total funding for the London boroughs. For example council tax contributes just 13% for Tower Hamlets, but 50% for Richmond. The government has now accepted that the Council Tax is in need of reform.

5.63 There are fundamental problems with the way council tax operates, in particular relating to:

- the gearing issue - small changes in spending by boroughs have a big impact on council tax rises;
- regressivity - the banding system means that the difference between the amount the richest and poorest pay is not great; and
- capping - conflicts have emerged between desires to increase service provision and central government pressure to keep council tax rises as low as possible.

5.64 Some commentators have proposed to the Lyons inquiry the wholesale scrapping of the council tax with its replacement by a local income tax. While still a possible option, it appears that it is more likely that a property tax will remain a significant part of the local tax system, with

changes to the banding and the operation of Council Tax Benefit. There is nevertheless scope for change and we would urge the Lyons inquiry to consider in detail better and fairer land value taxation systems.

Minor local taxes

5.65 A significant piece of work has been commissioned by the ALG from Local Government Futures to examine the scope for minor local taxes in London. The report looks at a range of possible measures including tourist taxes (for example, an accommodation tax or a restaurant tax), land taxes, localised vehicle excise duty or localised inheritance tax. The report favours two proposals:

Tourist Taxes

5.66 Local Government Futures argue that taxing hotel accommodation is feasible for the UK and may be particularly appropriate for central London. Decisions would need to be taken on the type of accommodation to be covered and the type of tax (flat fee or a percentage of charges). Rough calculations indicate that the tax could raise around £150 million a year. The tax take could be distributed largely to those boroughs where the accommodation is registered, with a proportion being spread across all the boroughs as a weak form of equalisation. The revenue could be used for environmental improvements and promoting tourism.

Planning Gain supplement

5.67 A recent report commissioned by HM Treasury and the Office of the Deputy Prime Minister from Kate Barker entitled "Delivering Stability: Securing our Future Housing Needs"

(2004) examined past attempts by government to capture some of the windfall profits that often arise as a result of development decisions. The report recommended a possible mechanism for capturing the benefits in the form of a Planning Gain Supplement whereby developers are required to pay a supplement to local authorities in return for receiving planning permission to develop residential housing. Government has proposed a consultation period on her proposals.

5.68 We believe that it is now time for government to give the London boroughs the flexibility to consider new revenue streams. We believe that the Lyons inquiry should make specific provision to allow London boroughs, where there is demand, to pilot new schemes for raising local income. Some boroughs may welcome the opportunity to set out to their communities possibilities for directing local income into specific local projects.

The role of the councillor

5.69 London's 1,800 councillors provide community representation and leadership in delivering services; they are the heartbeat of local government. Each councillor is tasked with representing local communities of around 10-11,000. Largely unremunerated, though some expenses can be claimed, being a councillor is a demanding role, with a high turnover rate. Initial survey work by the Association of London Government indicates that over a four-year period there is an average turnover rate of around 40 per cent in the boroughs. Exit surveys of local authority councillors across the country indicate a variety of reasons for standing down including the pressure of competing demands on their time.

But over a quarter stood down because they believed that local government had little influence³⁷. It is these issues that we want to address directly in this work.

5.70 London's councillors must be fully representative of our local communities. Survey work for the Association of London Government puts the gender split for those that responded to the survey at 66/34 male/female; close to 20 per cent considered themselves non-white, nine percent considered themselves to have a disability, and the majority of councillors were over 45 years old. These proportions do not match London's demographic profile, which would require a slightly larger number of women councillors than men, more representatives from black and minority ethnic (BME) backgrounds and a lower average age. We welcome moves by all political parties to more closely match local representation with local communities and we hope that our recommendations on the role of the councillor will encourage more people from all backgrounds to come forward to make a difference to London life.

5.71 Two important findings guide our recommendations. Focus groups run for the Commission by the London Civic Forum found that there were low levels of awareness of who the local councillor is, allied with a strong belief that what makes services run well are transparent systems for accountability to service users and good communications.

5.72 Furthermore, in feedback to our work, the London Equalities Commission put forward three key tasks for local councillors, they should:

- be a local champion for equality;
- motivate people to access services;
- build local capacity.

5.73 It is our belief that the community is best served by councillors who are visible, local champions with a close working relationship underpinned by statute with service providers. Local councillors should be plugged in to the planning, policy development and delivery of all local service providers in their ward. They should be the first port of call if residents have concerns over the quality of local service provision.

Visible leadership in the community

5.74 In order to strengthen the position of the councillor we recommend that there should be a statutory right to be consulted by all service providers in the councillor's ward. The service provider, be it neighbourhood police team, GP surgery, or primary or secondary school, would be obliged to set out to the councillor, alongside all other consultees, any proposed service changes. The councillor could then take soundings on these proposals and feedback comments or objections. Individuals likely to be affected by any changes could input directly to the service provider or the councillor. The councillor would pull together comments and reactions in a structured way, supporting and enhancing the service provider's consultation process. This underpins our proposed role for councils as the local commissioning agent, and

³⁷ According to research by the Employers Organisation and by the Improvement and Development Agency (Exit Survey of local authority councillors, 2003) of those who stood down voluntarily 41.8% did so for personal reasons, 26% because of the erosion of local government influence, 14.1% because of competing work related demands, 10.3% because of the experience of being a councillor and 7.9% due to competing family related demands.

enhances the councillor's role in brokering local solutions. This is not about the local councillor micro-managing services or operational matters, rather it is about strengthening local engagement through a shared understanding of the strategic direction and key priorities.

5.75 The added value of this enhanced role for the councillor is that it could bring in comments and reactions from a far wider range of interests than just the natural constituency of the service (eg for a primary school consultation on extended hours responses could also come in from residents on the routes into school, from local shop owners, and from the local library as well as the parents of children that use the school).

5.76 Giving councillors formal responsibility for representing the public interest in local institutions (for example the NHS) would be more easily understandable, enhancing councillors' roles as local champions and linking service delivery to wider local policy objectives. **Local councillors should be supported to become the human face of all publicly funded local services.**

5.77 We believe that there are further steps that can be taken both to improve the effectiveness of the role of the councillor in the community and also to increase the attractiveness of the great commitment of time and energy the post requires.

- **A public realm budget:** we believe that a ring-fenced budget should be made available for specific projects within individual wards. For example, Islington gives £80k to an area containing four wards. Each councillor should have the opportunity to draw up a

business case for a specific project in their ward. The project could for example support local grassroots initiatives, such as a youth sports project, or an environment improvement, such as cleaning up a local park. The opportunities are many and varied. Each project should have local support and the councillor will be responsible for designing and delivering the project. Each project backed by a business case would need to be approved by the executive.

- We also believe that a **package of support** should be made available to each councillor. This would include professional mentoring and training support as well as financial support to run a professional office.

Urban Parishes: Another tier of government in London?

5.69 Section 11 of the Local Government and Rating Act 1997 allows a community at the village, neighbourhood, town or similar level beneath a district or borough council to demand its own elected parish (urban or rural) or town council. This right only applies to communities within England and outside of Greater London. Different systems exist for Scotland and Wales, both called "community councils", whilst in Greater London there is at present no legal provision for any sort of statutory elected body below the level of the London Borough. The Labour Party manifesto included a commitment to remove these legislative barriers to allow urban parishes to be formed in London, but government has yet to come forward with formal proposals.

5.70 Section 11 of the above Act allows any such community within England and outside of Greater London to collect a petition for a new parish or town council and also to define the area that it shall cover. Once the petition meets a certain threshold of registered electors' signatures, the local district council or unitary authority cannot stop it. The final decision as to whether any community can have its own parish council is down to the Office of the Deputy Prime Minister (ODPM). There are a variety of powers and duties that parish or town councils can exercise including:³⁸

- to provide allotments
- to provide community centres
- to spend money on various crime prevention measures
- to repair and maintain public footpaths
- to participate in schemes of collective investment

5.71 Amongst the guests that gave evidence on the value of urban parishes we heard from the National Association of Local Councils, which speaks for some 10,000 Parish and Town Councils in England and Community Councils in Wales.

The Commission heard from advocates that:

- urban parishes are the closest form of government to local people;
- the sector is very diverse in terms of size (for example in Leeds elected members represent different parishes of between 100 to 8,000 people);

- the communities emerge organically by bringing together groups of residents who may be in residents' associations, action groups, special interest groups or just as individuals and bonding them together as a delivery agent, with their own budget and electing their own representatives;
- the tier of government is not legislative but, by identifying priority areas through parish planning tackles the issues which local people value most;
- they can raise their own funds through a precept so there is transparency and accountability and because they are small-scale there is visible representation;
- they can work with other tiers to deliver government priorities; and
- because they are so close to the community are able to consult effectively on issues of concern.

5.72 Many members of the Commission recognise that urban parishes can bring many benefits to communities in terms of representation, but question whether there is real value added from introducing another tier into London.

- Some Commission members argued that many of the roles and responsibilities of parish councils are already managed by area committees and neighbourhood arrangements set up by the boroughs (eg environmental issues, parking).

38 For the full list please see www.nalc.gov.uk/information/legal/powers/index

- Some members fear that there would be confusion over roles and responsibilities of parish and ward councillors and that the electorate will not appreciate the difference.
- Some members argued that there was evidence from other parts of the country of antagonism and negativity between the tiers, turf wars and a refusal to compromise.
- Furthermore it was argued that this structure empowered “Nimbyism” and could undermine attempts to equalise access to local services and advice across London.
- There would be significant capital and running cost implications³⁹.
- That in terms of capturing communities some inner London wards were only a few streets big and it was noted that the Boundary Commission already takes into account cultural factors and geographical factors when setting up ward boundaries.

In summary, some members of the Commission argue in favour of changing present legislation so that Londoners are given the same rights to establish parish councils as the rest of the country. But the majority of the Commission believes that there is no convincing case, nor actual demand, for the establishment of urban parishes in the capital.

IN CONCLUSION

The Commission would like to express its sincere gratitude to all those who presented evidence to us. We have benefited from the input of many people from many different spheres of life who live and work in London. We hope that our report does justice to the evidence we received. With this final report the work of Commission has now been completed. Our intention has been to present a holistic vision of how we believe that London’s governance arrangements need to be changed to both increase Londoners’ say in their affairs and to improve the effectiveness of local service delivery. We have made a large number of proposals and recommendations for how we believe changes to existing systems should be made. A short summary of some of our key findings follows, but we would encourage you to dip into the text to sample the full richness of our work.

³⁹ Cllr Isabella Fraser, Campbell Park Parish Council Milton Keynes, stated that for her parish there was an initial set-up cost of around £100k, with running costs of £200-220k a year.

ANNEX 1: A brief summary of some of our key recommendations

The recommendations we set out in this report are addressed primarily to government as a significant contribution to its review of the GLA, to Sir Michael Lyons, who is conducting a review of the future for local government, and to all those with an interest in how London is run.

- i. A new settlement for London means more streamlined service provision and better understood governance arrangements. We believe that this can best be achieved by greater devolution to the Mayor and the boroughs, by strengthening the commissioning and community leadership roles of London councils and enhancing the councillor's right to be consulted.
- ii. The Commission is keen to develop ways to strengthen this process of community engagement and influence with local policing, without the need to invent new mechanisms or new layers of bureaucracy. The Commission believes that within the existing local government family there may be scope for developing a more formal role for borough leaders with their borough commanders. This could mean that:
 - the Council executive be given the right to be consulted in the process for appointing borough commanders;
 - there could be formal powers to support borough Overview and Scrutiny Committees to support engagement with local police teams; and
 - building on the good practice in many boroughs, a statutory right should be given for local Councillors to be consulted by their Safer Neighbourhood team on issues of local priority.
- iii. London should have a single Strategic Authority, a London Public Health Strategy set at the start of every new Mayoral term, and well performing boroughs should be allowed to take over health commissioning from primary Health Trusts.
- iv. An enhanced role for the London Assembly to review the performance of pan-London bodies that are not accountable to the Mayor (eg the London Ambulance Service, the London Strategic Health Authority and London Learning and Skills Councils).
- v. The powers, budgets and responsibilities of the London Learning and Skills Councils should be brought into one structure, Skills London, accountable to the Mayor and answerable to the London Assembly. This should include all the London Development Agency's existing skills responsibilities including Business Link. The targets and budgets for the new body should be set regionally but aligned so as to contribute to the delivery of the national framework.
- vi. We wish to support the development of a London Improvement Partnership to act as a driver for more intensive joint working across the boroughs. This one-stop shop would offer a range of services to the boroughs in terms of

procurement and efficiency matters, identifying and supporting joint working, commissioning and providing. It would also have a role as performance office for London collecting and reporting on performance data. The London Improvement Partnership would also offer peer review to improve local government through peer pressure and a mechanism for intervening to support improvement activity where there are poor performing or failing services.

vii. The technology now exists to provide a pan-London one-stop reference point for local services. We believe that the benefits in terms of increasing satisfaction with local service delivery are such that one phone number for all London's public services is something that we would want the London Improvement Partnership to begin to develop as a matter of priority.

viii. GOL should be released from the standard structure of the English Government Offices to one reflecting London's unique status in having elected regional government. We believe that GOL should be re-structured in such a way that its main functions are to offer secretariat and briefing support to ministers at ODPM, principally the Minister for London.

ix. We make a number of proposals for reviving local government, including:

- building up the commissioning role of the boroughs in health, social services and education;

- building up the partnership role of the boroughs through their management of strengthened Local Strategic Partnerships and expanded Local Area Agreements;

- building up the leadership role of the boroughs through the setting of local strategies in the fields of economic regeneration, health and social services, skills and policing that feed in to the Mayor's pan-London strategies;

- building up the ability of the boroughs to enhance the local community through the piloting of new local revenue options.

x. To strengthen the role of the local councillor, we believe that there should be a statutory right to be consulted by all service providers in the councillor's ward, a public realm budget for local grassroots projects and a package of professional support.

ANNEX 2: Submission to the ODPM review of the powers of the Mayor and the London Assembly

2. Introduction

2.1 The Commission on London Governance welcomes this opportunity to present its response to the Government's consultation on the powers and responsibilities of the Mayor and the London Assembly.

2.2 The Commission on London Governance is a cross-party body established in 2004 by the London boroughs and the Greater London Authority to review London's governance arrangements. Unlike previous review bodies (the Royal Commission of 1958-60, or the Marshall review of 1978) the Commission has been set up by senior politicians from across the political spectrum and operates from a local as well as a pan-London perspective.

2.2 Our interim report "Capital Life", published in July 2005, set out the case for London to have a governance regime which:

- gives Londoners a greater say in their affairs;
- provides more accountability by service providers to service users;
- provides greater efficiencies whilst enhancing local accountability;
- provides more discretion to local authorities to tailor services to meet local needs; and
- restores the link between voting for improved services and paying for those services.

2.3 Our final report "A New Settlement for London" builds on these principles. It sets out in some detail how we believe London's governance arrangements need to be streamlined to increase public understanding of public service delivery, and how a number of powers and responsibilities should be devolved down to the local and regional tiers of London government to increase accountability, local engagement and efficiency.

2.4 As part of that new financial and governance settlement, we believe there is scope for developing the roles and responsibilities of the Mayor and GLA. We fully support government proposals that devolve powers from the centre to more locally accountable bodies such as the Mayor and the boroughs. We believe, further, that the powers and responsibilities of the London Assembly need to be enhanced to provide effective challenge to the executive while respecting the Mayor's electoral mandate.

2.5 We believe that in order for proposals from the government's review to lead to better quality public services they must support closer working and cooperation between the different tiers of London government.

Our response to the specific questions set out in the consultation paper are as follows:

3. The Government Office for London

3.1 We are disappointed that the government's consultation into the powers of the Mayor and the GLA do not include recommendations to the HM Treasury review of Government Offices on the future role of the Government Office for London (GOL).

3.2 In our final report we set out our considered view that GOL should be released from the standard structure of the English Government Offices to one reflecting London's unique status in having elected regional government. We believe that GOL should be re-structured in such a way that its main functions are to offer secretariat and briefing support to ministers at ODPM, principally the Minister for London. A transition team at GOL should help devolve down long running programmes such as the New Deal for Communities or Neighbourhood Renewal Funding, and initiate and then withdraw from schemes such as the proposals for the extension of Local Area Agreements across London. We believe that it is now time to release resources and end duplication.

As a consequence of our proposed downsizing of GOL we would anticipate that European funding for 2007-2013 should be devolved to the GLA (Q34).

4 Learning and Skills [Q4-7]

4.1 The Commission believes that the government should adopt the fourth option of its proposals, which would devolve current Learning and Skills Council (LSC) powers to the Mayor. We accept that the Mayor should not take over the LSC's responsibility for the funding and planning of 6th form provision.

4.2 The establishment of five LSCs in 2001 appeared to be designed to weaken the voice of London within a national framework. At a minimum, a single LSC with a sub-regional structure would be more effective, allowing easier coordination of working partnerships to operate at the regional and sub-regional level and with more efficiency, as it would allow some greater degree of flexibility for moving

resources across London to meet greatest need. It would furthermore give London the clout it needs to ensure it has access to the level of resources it needs to meet the challenges identified by government.

4.3 The government recognises the major labour market challenges faced by London. We believe that national standards set by central government should be the benchmark, which London would build on. Giving the Mayor the budgets, and the responsibility, to deliver on the priorities of the London Regional Skills Partnership would enhance accountability and strengthen the strategic role of the Mayoralty; this would also allow for a greater degree of fine-tuning in policy to meet the distinctive challenges faced by professionals delivering learning and skills services and give London a clear mechanism to demonstrate its value-added in delivering these services.

4.4 We believe that the powers, budgets and responsibilities of the London LSCs should be brought into one structure, Skills London, accountable to the Mayor and answerable to the London Assembly, through the presentation of its annual report and regular update meetings. This should include all the LDA's existing skills responsibilities including Business Link. The targets and budgets for the new body should be set regionally but aligned so as to contribute to the delivery of the national framework.

4.5 The new functional body should have a board modelled along similar lines to that used for the London Fire and Emergency Planning Authority (LFEPA), which combines elected representatives from both local government and the London Assembly. Specialist experience can be co-opted in to support the elected members by

Mayoral appointment as required.

4.6 As currently structured the LSCs are too remote, fail to engage effectively with local politicians and are unable to respond flexibly to changing local circumstances. Borough councils have a vital role to play in feeding-in local intelligence as to the challenges, needs and demands of the local population, public sector employers and the business community. With the powers, budgets and responsibilities of the London LSCs being brought into a new regional body accountable to the Mayor, the Local Strategic Partnership should be tasked with drawing up borough adult skills plans setting out local needs and demands. This will begin to make the system more obviously demand-driven. The LSPs could also monitor progress in the delivery of the skills and training development strategy across its borough.

5. Waste Management and Waste Planning (Q16-24)

5.1 The Commission believes that there are strong arguments to consider changes to the current arrangements for waste management and waste planning. Municipal solid waste in London is currently collected by 33 separate Waste Collection Authorities (WCAs) which are co-terminous with the boroughs and delivered to London's Waste Disposal Authorities (WDAs) for treatment. Prior to its abolition on 31 March 1986, the Greater London Council was the WDA for London. With the abolition of the GLC, four federal groupings of boroughs (funded by levy on the constituent boroughs) were created, leaving twelve individual boroughs that act as both collection and disposal authorities.⁴⁰

5.2 The existing collection and disposal arrangements have been in place for nearly 20 years. However, the challenges that waste disposal authorities face in the future are of a different order to those faced so far (there are new EU statutory targets, for example) and it is timely to consider whether more strategic arrangements may make these challenges easier to resolve.

5.3 The Commission heard from a number of leading experts in the field. Many of them spoke of the need for leadership and vision for managing waste collection and disposal across London. Some argued that "next to nothing" has happened in the past 20 years to tackle the issues facing the sector and that only a strategic London-wide body could undertake these tasks. For example, we heard that London will need a further 100 facilities for re-cycling, yet only five planning decisions have been reached in this area in the past five years. Others argue that, before restructuring the sector, what is needed is a clear steer from central government: including a settled policy, clear route maps and adequate funding for local government to meet its targets.

5.4 The Mayor's Policy Director for the Environment set out arguments to the Commission for a London Single Waste Authority (LSWA). Collection would still be arranged by, and be accountable to, the boroughs and there would need to be a separate planning board to whom the waste authority would apply for planning permission. Key to his case is the argument that such an authority could:

⁴⁰ **East London Waste Authority** - Barking & Dagenham, Havering, Newham and Redbridge
North London Waste Authority - Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest.
Western Riverside Waste Authority - Hammersmith & Fulham, Lambeth, Wandsworth and Kensington & Chelsea.
West London Waste Authority - Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond.

- deliver a more cost effective waste disposal regime;
- create pan-London ‘sticks and carrots’ to drive up re-cycling rates;
- harness available funding streams to raise the level of investment for needed infrastructure; and
- promote a single awareness campaign.

5.5 **Some members of the Commission expressly support the Mayoral proposals for a Single Waste Authority (SWA) structured as a functional body. Others believe that there are a number of options, which need to be assessed more thoroughly. In particular, many on the Commission support a so-called Section 101 Committee with a full role for the Mayor and embracing his strategy.** This option would avoid the separation of collection and disposal into different tiers of local government and could be delivered quickly as it avoids the need for primary legislation.

5.6 In evidence to the Commission, we heard a number of concerns expressed in opposition to the Mayor’s proposals, which the government should address: in particular, the fear that the Single Waste Authority (SWA) would not be in touch with local requirements, perceptions and feelings. The fear is that decisions could be imposed on local communities in the name of what is best for London regardless of genuine local concerns and without an appropriate timescale for those concerns to be properly aired. There could be cost implications associated with the Mayor’s decisions and for which the Mayor would need to be responsible. There needs to be some

protection offered to the boroughs from the possible imposition of a regime by a Mayor which might have serious financial consequences. There should be some checks and balances on anything that involves the transfer of resources directed by a person who does not collect them. Furthermore, consideration must be given as to how to preserve links between collection and disposal functions to avoid disputes at the margin.

5.7 The Commission believes that if the SWA were established its board should combine the strengths of Mayoral leadership, borough expertise and the pan-London perspective brought by Assembly Members (Q19). A mixed membership along the lines of LFEPA with private and voluntary sector participation as necessary would provide firm foundations for implementing an agreed London waste strategy. These arrangements would also need to ensure that the budget be open to scrutiny by the Assembly and that the Assembly’s powers of summons in respect of functional bodies’ personnel and documentation would apply.

6. Culture, Media and Sport (Q25-27)

6.1 Commission members believe that government should devolve down to the Mayor, in consultation with the ALG, the appointment powers for Chairs and board members of London’s cultural bodies; for example the board of Arts Council - London, including the post of Chair. Closer working relations between, for example; the Arts Council, the ALG and the boroughs could help avoid duplication, ensure a more equitable distribution of support across the whole of London and, by providing a

mechanism for combining funding streams, create greater pools of upfront capital to draw in private sponsors.

6.2 In developing the Mayor's Cultural Strategy the GLA should, as a matter of good practice, consult London cultural bodies. If it were a statutory strategy there would be a requirement to consult and the Assembly would have an enhanced oversight role.

6.3 The Mayor has created a London Cultural Consortium (LCC) and shown the benefits of elected regional government becoming actively involved in promoting and lobbying for the cultural sector. There is a case for extending the Mayor's powers to help bring greater cohesion to a highly fragmented sector. As well as reducing ambiguity and overlap in the present funding arrangements, this would position cultural activities within the framework of broader social and economic policies. **The government could as a minimum fund the Mayor's LCC, as it funds other regional cultural consortia.**

7. Public Health (Q28)

7.1 The GLA does not have any direct policy powers in relation to healthcare, but has a general duty enshrined in the GLA Act to promote the health of Londoners and to take into account the effect of his policies on their health. The Commission believes that there are significant efficiency gains to be realised from structural changes to the delivery of public health care in London. We believe that, building on the work of the London Health Commission, there should be a **London Public Health strategy** formally set by the Mayor at the start of his/her term of office, in consultation with the NHS in London.

7.2 There are also significant gains to be made by bringing together resources and capacity from across the GLA group to tackle often complex health and social needs, for example by combining transport, childcare and health initiatives to support regeneration projects. There needs to be a much closer working relationship between the GLA's London Health Commission and any new single Strategic Health Authority (SHA) structure to avoid duplication of effort and to ensure a clear direction of travel for health commissioners and providers in London.

7.3 We believe there are significant gains to be had in terms of transparency of operations and local accountability by the establishment of a joint committee with the boroughs, which have the statutory powers for health scrutiny, and co-opted Assembly members to look at the work of the new Strategic Health Authority in London.

8. Enhanced checks and balances: the functional bodies and the London Assembly (Q33, 34 & 38-42)

8.1 The Commission believes that changes need to be made to the functional bodies and the London Assembly in order to strengthen the challenge and oversight of Mayoral policies. **The boards of the functional bodies should be representative of London's government as a whole. The Commission supports the principle that all existing and new functional bodies should have a majority of elected representatives on their governing body. This should include a balance of Assembly members and borough representatives. The current LFEPA model has been put forward by some as a preferred model.**

8.2 The Commission believes that:

- boards combining borough and Assembly members achieve a mixture of local intelligence and pan-London views vital to help steer pan-London services;
- they provide a visible link to local communities; and
- would further increase the transparency of, and strengthen the links, between strategic planning and service delivery at the local level.

8.3 To this end the Commission believes that political representatives, other than the Mayor, should be able to sit on the TfL Board. (Q33)

8.4 With regard to strengthening the Assembly's role in policy development, Commission members believe that the London Assembly needs to have an extension of its powers both to strengthen the quality of the challenge to the Mayor and to validate the Mayor's assertion to be receptive to the views of all Londoners.

8.5 Some Commission members believe there should be more meaningful opportunities for the Assembly to influence all the Mayor's strategies, for instance via pre-scrutiny or call-in powers similar to those exercised by local authority Overview and Scrutiny Committees. But such powers would stop short of creating a new power of amendment of final draft strategy documents. The need for the Mayor to consult with and gain the approval of the Assembly will mean that the political constituency that supports his policy will be larger than it has to be at present. The London boroughs will feel more assured that their concerns will be aired. These

changes will not significantly restrict the Mayor's ability to act in a decisive fashion.

8.6 Other members of the Commission believe that more radical change is required, with the Assembly's existing powers to amend and present an alternative budget, with the agreement of two-thirds of its members, to be extended to cover all the major policy areas in which the Mayor presents his strategies. There would therefore be a 'Second Reading' debate on the principles of the strategy and then consideration of the strategy in plenary session or in committee. The Assembly would have the ability to block the strategy given a two-thirds majority. The Assembly would therefore evolve down the path of the other devolved authorities developing into a 'quasi-legislative' body. This would in effect give the Assembly the power to scrutinise the Mayor's spending plans before the commitments are made.

8.7 With regard to strengthening the Assembly's scrutiny role, Commission members believe there is a clear case in terms of improving accountability of service delivery for an enhanced scrutiny role for the Assembly for London-wide bodies that are not accountable to the Mayor (eg London Ambulance Service, London SHA, London LSC). To operate effectively, the Assembly would need powers to summon representatives of the relevant organisations to discuss the service under scrutiny and to require them to produce documents requested by the Assembly.

ANNEX 3: Devolving GOL funding streams

1. HOUSING

Funding Stream £270m

- Housing Investment Programme

Recommendations

Widening of Mayor's strategic role to be accompanied by appropriate checks and balances from the Assembly and the ALG. Mayor rather than GOL to chair London Housing Board.

2. COMMUNITY REGENERATION AND CAPACITY BUILDING

Funding Streams £109m

- Neighbourhood Renewal Fund - (ends 05/06)
- Community Chest
- Community Empowerment Fund
- Community Learning Chest
- Neighbourhood Management Pathfinders
- Neighbourhood Renewal Capacity Building Fund

Recommendations

Funding to go to boroughs. These funds had their origins in ideas flowing from the national strategy for neighbourhood renewal during the Government's first term, which helps

account for the high level of government involvement. But neighbourhood renewal is essentially a local activity, which must be responsive to variations in local circumstances. Transferring funding to boroughs would improve integration of priorities with other borough-level regeneration and community development activities. It might help unlock some of the experiments in neighbourhood governance that the Government is seeking. Eliminating GOL's involvement should generate efficiency savings - Neighbourhood Management, for example, provides relatively modest Government funding of £200,000-£350,000 per year to pathfinder schemes which GOL co-ordinates. London has five national pathfinders, with GOL staff working in three geographically-based teams to co-ordinate them.

3. SUPPORT FOR THE YOUNG AND THOSE WITH SPECIAL NEEDS

Funding Streams £80m

- Connexions Grant Funding
- Positive Activities for Young People
- Transforming Youth Work
- Special Educational Needs/Disability Act

Recommendations

Funding to go to boroughs. Mayor/LDA to gain responsibility over skills aspects. The youth green paper 'Youth Matters' proposes giving local authorities central responsibility for youth services. A range of existing funds will be merged so that, according

to the green paper, “local authorities working through children’s trusts can use the funding more flexibly to tackle the needs of young people in a holistic way”. Local authorities will be encouraged to retain the Connexions brand name, but this is a significant example of responsibility being returned from a quango to local government. The changes will go far beyond careers advice and other traditional youth service activities. Local authorities will be expected to take the lead on issues such as teenage pregnancies, drugs and youth crime, creating links with existing functions such as crime and disorder reduction partnerships. The youth green paper and the development of children’s trusts provide powerful opportunities to ensure that the necessary funds are properly channelled to local authorities.

4. EU REGENERATION FUNDING

Funding Streams £90m
■ European Structural Fund (Objective 3)
■ European Regional Development Fund (Objective 2)
■ European Structural Fund (Objective 2)

Recommendations

Future EU funding to go to the Mayor/LDA. These are the ultimate examples of regional funds, awarded by the EU to address regional social and economic issues. In the other eight English regions, which do not have regional government, there may be some logic to the involvement of

government regional offices. That is not the case in London. The Welsh European Funding Office, part of the Welsh Assembly Government, is responsible for managing all aspects of these funds in Wales and there is no justification for London being treated differently. Integration with other LDA regeneration and skills budgets would maximise efficient use of the funds.

5. REGENERATION

Funding Streams £55m
■ New Deal for Communities.
■ Recommendation

Recommendation

It cannot be disputed that the New Deal for Communities (NDC) was set up as a long-term national government scheme, hence GOL’s involvement. There are, however, no plans to extend NDC beyond the original pilot schemes (ten of the 39 are in London). NDC areas cannot be treated permanently as little islands, isolated from the boroughs of which they form part. The Government’s push on neighbourhoods, allied to the well-publicised difficulties of some NDC schemes, creates a case for giving boroughs control of funding. A London-wide NDC unit (either LDA or ALG-led) could be used to build lessons from the schemes into future regeneration work.

6. CRIME

Funding Streams £28m

- Building Safer Communities Fund
- Basic Command Unit Fund
- Street Crime Wardens
- Home Office Directors' Allocation Fund
- Neighbourhood Wardens

Recommendations

These are all crime/community safety related funds, some of which are currently being streamlined. London-wide budgets should go to the Mayor/MPA and local-level ones to the boroughs. As well as improving co-ordination with other initiatives, this would help the Government's drive for greater local accountability of the police service. Public interest in policing is more likely to be achieved by engaging people in practical community safety activities than by trying to get them to attend MPA meetings. Many borough council leaders would welcome more direct involvement with their police borough commanders, and direct control of some specific local-level initiatives would encourage that.

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Chinese

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Vietnamese

Nếu bạn muốn có bản bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নিচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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London Assembly

The London Assembly is the scrutiny arm of the Greater London Authority (GLA). Its 25 Members hold the Mayor to account. Assembly Members scrutinise his £9.6 billion spending plans and examine how he is fulfilling his wide-ranging responsibilities towards services in London, such as transport, policing and economic development. Empowered by statute to carry out scrutinies – akin to House of Commons Select Committees – the London Assembly also raises issues of importance to Londoners. Assembly Members test those in charge of public, private and voluntary sector agencies, highlighting any failures and proposing solutions that will improve the lives of Londoners.

Association of London Government

The Association of London Government (ALG) is a voluntary umbrella organisation for the 32 London boroughs and the Corporation of London. It is committed to fighting for more resources for London and getting the best possible deal for London's 33 councils. Part think-tank and part lobbying organisation, it also runs a range of services designed to make life better for Londoners. It lobbies for more resources and the best deal for the capital, taking a lead in the debate on key issues affecting the capital. Most important, the ALG provides the London boroughs with a single, powerful voice in negotiations with the Government and other organisations in London.

LONDONASSEMBLY


London Association of
Government