

VCR:

Date: 21 October 2106

Location:

Hearing: London Finance Commission

Start time:

Finish time:

Commissioners:

Professor Tony Travers, Director of London, London School of Economics and Political Science (Chair)

Nicholas Holgate, Chief Executive, Royal Borough of Kensington and Chelsea

Bharat Mehta, Chief Executive of Trust for London

Tony Pidgley, Chairman of Berkeley Group plc

Witnesses:

Tunde Banjoko, Making the Leap

Alex Bax, Chief Executive, My Fair London

Michael Bell, Director, MBARC and Chairman of Croydon Health Services NHS Trust

Matthew Bolton, Deputy Director, Citizens UK

Zrinka Bralo, Migrants Organise

Jeremy Crook, CEO, Black Training and Enterprise Group

Peter Estlin, Commissioner, London Fairness Commission

Graham Fisher, Chief Executive, London Fairness Commission

Imran Hussain, Director of Policy, Rights & Advocacy, Child Poverty Action Group

Richard Lee, Just Space

Jane Pritchard, Enterprise & Culture Director, Business in the Community

Lisa Redding, Acting Chief Executive, London Voluntary Service Council

Pat Turnbull, London Tenants Federation

David Sheppard, Greater London Pensioners Association

Secretariat

Jeremy Skinner, Senior Manager, Growth and Enterprise, Greater London Authority

James Lee, Senior Policy Officer, Economic and Business Policy, Greater London Authority

David Burgh, Secretariat, Greater London Authority

Observer:

Jules Pipe (Deputy Mayor for Planning, Regeneration and Skills, Greater London Authority)

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Professor Tony Travers (Chair): OK, first I would like to thank everybody for coming this late on a Friday afternoon. Let me say a little bit more about myself, the Commission - this is one of a number of evidence sessions that we are holding - and why we particularly asked you here this afternoon.

First, I am Tony Travers, I am the Chair of the London Finance Commission. The Commission has been re-empowered by the Mayor Sadiq Khan, it having existed in a previous form in 2012/13 with a number of Commissioners who were on that Commission, such as Nicolas [Holgate] and myself, and others who are new to this one, so we have a bit of a turnover. The purpose of the Commission originally was to look at the position of London in terms of its capacity to raise taxes, how it spent money, but more on the lack of autonomy London had in raising its own money to spend on its own public services, unusually by international standards. There are some tables in that report which we will be bringing up to date in this report, which delve into that and show how odd London is compared with other comparable cities overseas and, indeed, how the whole of the United Kingdom (UK), and England within it, is unusual by international standards, in that it does not have as much freedom to use the resources raised within the city to tackle the city's own problems and provide its own services.

We have been commissioning some papers, we have got a large number of papers on possible tax reforms and on possible public service reforms. It is worth adding that what we are doing as a Commission, which is forward looking, is running in parallel with work which is going on here at City Hall and involving the boroughs, who are already separately negotiating on an existing package of devolution measures, particularly in relation to skills, employment and some aspects of health. We do not want to interrupt all of that but we are moving on now, looking to the future as well as recognising where we have got to.

All else I will say is that this evidence session is on the record. We have taken earlier evidence sessions, one here last week [two weeks ago] involving council leaders, representatives of business and other interests. We have taken evidence in Manchester and this morning in Birmingham. Why is a London Commission going to Manchester and Birmingham? Because devolution is not unique to London and not only do we want to find out what people in Manchester and London [Birmingham] think about services, government, community, business, so on, universities, what they think about London's opportunities and the pros and cons of devolution to London, but separately at some level all of England is moving forward together in the matter of devolution, so it is not unique to London.

This meeting is on the record, so it is sensible to speak on the assumption it is all being written down, and we will hope to use part of the evidence in our deliberations and final report. Other than that, I will just start by going around the table really. The meeting is going to be a bit fluid. We have more people coming in for the second part of the afternoon, some of them I think are already here. In a sense, what we will do is to take a break about halfway through and then anybody who wants to join us can join us, anybody who wants to go away can go away, but it is reasonably informal. What I will do is begin by going around the table and, indeed, beyond the table actually, for anybody who is sitting slightly beyond the table as we must be inclusive.

Jeremy Skinner: Hello, I am Jeremy Skinner, I am in the economic and business team at the Greater London Authority (GLA) and I lead this secretariat for this piece of work helping Tony.

Pat Turnbull (London Tenants Federation): Pat Turnbull, I am a Hackney representative on the London Tenants Federation and London Tenants Federation's representative on Just Space.

Richard Lee (Just Space): Hello, I am Richard Lee, I coordinate the Just Space network, which is a network of Community Groups from across London seeking to influence the next London Plan.

Bharat Mehta: Bharat Mehta, Trust for London. I am on the Commission. I was not on the first one but I have been invited to join the second one.

Alex Bax (Chief Executive, My Fair London): Hi, I am Alex Bax. I am here as Chair of My Fair London, we are a grassroots campaigning group of ordinary Londoners upset about inequality, particularly economic inequality in the city.

Jules Pipe (Deputy Mayor for Planning, Regeneration and Skills, London): Jules Pipe, Deputy Mayor for Planning, Regeneration, Skills, devolution, local government and anything else that they want.

Professor Tony Travers (Chair): Also a member of the Commission, and was a member of the previous one.

Jules Pipe (Deputy Mayor for Planning, Regeneration and Skills, London): Also a member of the previous one.

David Sheppard (Greater London Pensioners Association): Dave Sheppard, Greater London Pensioners Association, covering the whole of London, quite a small organisation, elected all through. We predate the formation of the London region of the National Pensions Convention. We were created at the national level. Very concerned with the question of the health service and the Freedom Pass and standards of living. It might help that many, many years ago I was in the local government finance section of the Department of the Environment (DoE) Transport Department, on transport, and I seem to remember you [Tony] were an

advisor to the teachers in the Inner London Education Authority at one stage, but a long time ago.

Professor Tony Travers (Chair): A long time ago, almost anything is possible. Yes, quite likely I used to visit the DoE, as it then was, in those beautiful towers that were knocked down to build the home office.

David Sheppard (Greater London Pensioners Association): Yes, the beautiful towers, yes.

Professor Tony Travers (Chair): OK, good to see you.

David Sheppard (Greater London Pensioners Association): I was the secretary then of the Clerical Union.

Peter Estlin (Commissioner, London Fairness Commission): I am Peter Estlin, I am here representing the London Fairness Commission today, although I should disclose my other hats. I am also an Alderman and Sheriff in the City of London and a Senior Adviser to Barclays, where I have worked for nine years. I think we will get on to the topics, but the inequality agenda is clearly at the heart of tax.

Professor Tony Travers (Chair): Very good, thanks.

Graham Fisher (Chief Executive, London Fairness Commission): I am Graham Fisher, I am the Chief Executive of Toynbee Hall, but I am actually here because we run the Secretariat for the London Finance Commission.

Nicholas Holgate: Nicholas Holgate, Town Clerk, Kensington and Chelsea; a Commissioner.

Matthew Bolton (Deputy Director, Citizens UK): I am Matthew Bolton and I am the Deputy Director of Citizens UK, and Lead Organiser for London Citizens, and we are the organisation behind the Living Wage.

Tony Pidgley: Tony Pidgley, I am the Chairman of Berkeley Group, housebuilders and property people, and I am also the President of the London Chamber of Commerce, and a Commissioner obviously.

David Burgh: David Burgh, GLA Secretariat.

Jeremy Crook (Chief Executive Officer, Black Training and Enterprise Group): Jeremy Crook, Chief Executive of the Black Training Enterprise Group, we are a national charity based in London, trying to improve outcomes for black and minority ethnic (BAME) young people in education, employment, business and Criminal Justice System.

James Lee (Senior Policy Officer, Economic and Business Policy, Greater London Authority): James Lee, I work here in the Economic and Business Policy Unit and also part of the Secretariat.

Professor Tony Travers (Chair): OK, let us sweep briefly around the outside as well.

Bradley Few: Bradley Few supporting the Commission.

Taher Hussain: I am Taher **Hussain**, I work in the infrastructure and roads within the GLA.

Lou Brigg: I am **Lou Brigg**(?) I work in the Economic and Business Policy Unit at the GLA.

Imran Hussain: Imran Hussain, I am the Director of Policy, Rights and Advocacy at Child Poverty Action Group.

Alice Woudhuysen: I am Alice Woudhuysen, I am the Campaign Manager at Child Poverty Action Group.

Greg Burland: I am Greg Burland from My Fair London and the Equality Trust and supporting Alex Bax.

Pam Remon: I am Pam Remon, exactly the same as Greg.

Professor Tony Travers (Chair): Very good. Do not feel if you are not at the table you cannot join in anybody, so feel free. Everybody does.

Thank you for coming. I should have added at the beginning, I think the newish Mayor Sadiq Khan recreated the London Finance Commission in part because of the referendum result, with a view that things will change in British government and politics. We are coming against that backdrop as well, so it is just worth adding that. Do not feel you have to talk about Brexit, but if you want to feel free to, judge the mood and respond accordingly.

What we are primarily interested in here is the extent to which London controls its own destiny. London raises a significant amount more tax than is spent in it, but the Treasury collects and keeps almost all of it, then hands it out to other parts of Britain and indeed back to London. For London to tackle some of the issues that have already been raised today, like how the city deals with growing inequality; how the health service is provided, which of course London's Government does not directly fund; the future of the Freedom Pass; tenants needs and so on and employment issues. Any time the London Government - and by that I mean the Mayor and the boroughs - try to deal with these things either they have to get more money or differently used money from the Government, or alternatively use the existing money differently. Using the existing money differently is something we can all lobby about. The Commission is attempting to try to ask the question: would it be better for London if it controlled more of the taxes that were raised here? Not the whole lot but more of them, perhaps starting with more property tax and possibly a share of income tax. Then question: would that make it possible to devolve more services to London, which would then allow London itself to tackle problems which hitherto national Government bodies -- and I am not saying people in central Government do other than try to do their best, but it is just different.

We were in Birmingham this morning and people there feel exactly the same, cut off from London, even more so from Westminster and Whitehall-type funding.

Perhaps I could just open it up now. Would anybody like to start, without formalising it exactly to what taxes should London run, would it be better if London had control over more of the taxes raised here with a view, perhaps, to having greater control over its destiny and spending and then could tackle some of the issues that everybody around the table is interested in. Who would like to have a go? Please, Pat.

Pat Turnbull (London Tenants Federation): Do you mind if I just make a broader statement?

Professor Tony Travers (Chair): Make a broader statement, of course.

Pat Turnbull (London Tenants Federation): Some of it is speaking on behalf of the London Tenants Federation, some of it raises some of the broader issues that Just Space normally talks about.

First of all, we might have some reservations about the approach that you are talking about. The first one being that the disproportionate growth of certain aspects of the London economy has actually created a national imbalance. Some of the analysis of the results of the European Union (EU) referendum seem to indicate that people who voted to leave the EU, a lot of them came from disadvantaged communities outside London that are suffering from deindustrialisation and are, therefore, impoverished, so when we are talking about London not getting a fair crack of the whip we need to consider the rest of the country as well.

The second thing is that the type of growth that has actually happened inside London has not been necessarily to the benefit of a large number of Londoners. In fact, it has been to their detriment, so you have high rents, you have less secure and less well-paid jobs and loss of small businesses that serve local communities. Some of that is analysed in the Just Space, *Towards a Community-led Plan for London*. It particularly made some analysis of what has been happening in the London opportunity areas that indicates that this is the kind of thing that has been going on.

The third problem is that if greater devolution then prompted local authorities and the Mayor to use London's, let me put it like this, 'overheated property market' to try to raise money at the expense of local jobs, local housing and local public amenities that most Londoners can afford to use, this would have a negative effect. Again, this is something that we have observed is already happening. We would not want any kind of devolution to lead to worsening of the inequalities that already exist in London, and there is the potential that it would.

The last couple of points. On the other hand, if London gained devolved powers to control rents and license private landlords, to invest in existing social rented housing and to build more social rented housing, to protect small businesses from rapacious rent rises, to subsidise

leisure facilities and so on, it would be to the advantage of most Londoners. That would be the kind of spending that we would support.

The very last point, if these powers were going to be devolved we would not want them just to be devolved to be exercised by the Mayor and the boroughs. We would want them to be exercised through involvement of community organisations, tenants' organisation, trade unions and all the other people that are very often not consulted, and we would like them to be involved from the very start of discussing matters and not at some late stage when everything appears to have been already decided.

Professor Tony Travers (Chair): All I can say at first, as far as we are concerned you are here early on, in terms of we have not started deliberating on what we are going to say. I will come to that. Just to react slightly in the context of others who are going to say, the idea that we are trying to move towards, just forget that there is more or less money available for the time being, but if London controlled more of the resources that it had, might it make decisions about their use, which were of more relevance to Londoners, more than what happens in London as a result of national policies? Just bearing that in mind --Matthew and then Peter [Estlin] and then Alex [Bax].

Matthew Bolton (Deputy Director, Citizens UK): I want to start quite positively saying, speaking for London citizens, we are absolutely in favour of devolution of tax and spend powers to London and towards London's communities, because we think the money probably would be better spent and more accountable to the issues that our membership is facing. We have 200 institutions in membership - they are predominantly faith and education institutions and they reach about 250,000 Londoners - and housing and affordable housing is the number one priority that our membership experience. Therefore, to start off with a focus on property taxes, if that property tax increase could be spent on the provision of genuinely, and if possible, permanently affordable housing in London that is something that London citizens would be wholeheartedly in support of.

There is an opportunity for the Mayor and maybe for this Commission to understand the relationship with London's civil society a bit more cleverly and a bit more ambitiously, and to see how, given the kinds of deals and the kinds of interests there would be about the commissioning, where accountability and decision-making might lie and how priorities would be set, there is a great opportunity to engage many, many more of London's organisations in the call for greater powers over tax and spend. That is definitely something that London citizens would be interested to be part of.

Professor Tony Travers (Chair): OK, great, very clear. Thank you. I will take them in order. Peter then Alex [Bax] then David [Sheppard].

Peter Estlin (Commissioner, London Fairness Commission): Thanks. As a starting point, to be fair I think the interim report is actually a very healthy place --

Tony Pidgley: You should not mention the interim report.

Peter Estlin (Commissioner, London Fairness Commission): It is a very health place to start. Certainly from the Fairness Commission's point of view there is a positive direction of moving towards greater devolution, probably for the reasons you have touched on, in the sense that we do have different issues across the country. The risk of devolution is we move to a parochial-type mentality. You touched on that at the beginning in a sense that why are we doing this? We are doing this to recognise what responsibilities and accountabilities need to lie at a national level, versus regional and indeed at community level. The reason we need to do that is London, in terms of the example, is a very prosperous and it is a net contributor to the economy as a whole. Inequality in term of the areas of deprivation are actually quite significant and, therefore, we need to achieve greater accountability for that and, therefore, we need to take control of some of those resources.

I would take issue with you, because in the process of doing that, one of the reasons we are doing that is not only to create greater equality but is actually to stimulate growth and a better effectiveness and efficiency of our resources. The argument that the UK Government can do that singularly, in some areas it will, perhaps defence, but in a lot of the areas that touch local services it is not as effectively as doing it at a local level.

I would caution us in going through the process to overcomplicate this. We have to seek to try to create simplicity, because if we do not, if we lose the connectivity between why we are doing it and the solutions we come up with we will end up with a smorgasbord that we have already go in terms of the taxation. Therefore, conjunction, as we look at it liaising with the Office of Tax Simplification, so that we know what they are doing is helpful. However, ultimately what I believe we are trying to achieve is we are trying to stimulate growth but ensure that growth is through an effective and efficient use of resources. In doing that there is an opportunity at a local level to achieve that through greater partnerships. This constructive command of control, which is an historic view of the ways often we have operated is not the way society is moving. Society is moving towards a much more collaborative engagement. Partnerships between business, public and community. Arguably we see that in the two-tier model we have today, that is a pretty strong model. We need to nuance it in areas but try not to create a completely new system, but to actually enhance the ones we have.

Professor Tony Travers (Chair): I should have said thank you for that, Peter. Before I come to the other two I just should say that we have boroughs as well as the Mayor set up the Commission, we have mayoral representatives and we also have borough representatives. Equally, we are alert to the fact that power does not end at government, at its simplest. There are many, many other organisations who have a role in deciding how society works, so just to deal with that now.

I am going to ask Alex and then David [Sheppard] and then I want my colleagues to chip in, if they wish to as well. Alex.

Alex Bax (Chief Executive, My Fair London): Thank you. Perhaps to start with question of devolution. We had a very long summer meeting where we talked about Brexit, and what that seems to indicate to us as a group was a fracture between London and the rest of the country, amongst many other things, but there is a clear problem there with this city being

seen as a major engine of growth but very, very away and apart from other parts of the country, as Pat [Turnbull] mentioned, and we recognise that as a key problem for inequality in the UK. Therefore, as a city, we are not in favour of drawing a line around our city and saying, "Let's just look after ourselves". Therefore, national equalisation of taxes remains a very important way for wealth from this very wealthy city to be spread to other parts of the country, and that has to be part of something the city continues to do, if it continues to be wealthier than others.

Having said that, we would be in favour of more devolution of taxation and spending decisions to the right levels within the city. You are the experts so we are not able to suggest in detail where the balances of those would lie, but I think that equalisation point also plays in the city level. If there are more powers for tax raising devolved at the city level, there is a question about how those resources are also distributed across the city and perhaps a role for City Hall to make sure that poorer areas -- there is a worry about the business rate, for example, that money will stay in places with lots of businesses but where people live and work and where their schools may suffer. It seems clear that the city needs mechanisms to move resources from those places where money is generated to those places where it is needed.

The last point I would make, which is my absolute firm My Fair London position is that taxation is not just an instrument for raising revenue, it is an instrument for social policy and we should be brave to think about taxation and redistribution of wealth and/or taking money off the top. The main problem with our society has been increased wealth at the top is driving excessive and extreme levels of inequality and we need to find ways - property taxes would be one - to begin to moderate that excessive accumulation of wealth at the top of society, which is having some very, very corrosive effects, particularly in our property market, but we would argue throughout our society. Again, some of the thinking about property taxes would be a good place to start. There may be other taxes to look at too.

Professor Tony Travers (Chair): OK, one or two points I would come back to but let us just go on to David now.

David Sheppard (Greater London Pensioners Association): Yes, a few points. I believe there are some 6,000 adult City residents who vote for the Mayor and the GLA, but I also understand that the City Corporation has been exempt from corporation tax, indeed probably its precursors for about 1,000 years at least. I do not know if you want to --

Professor Tony Travers (Chair): We have a wide, wide remit but the review of the Corporation of London is not one of them.

David Sheppard (Greater London Pensioners Association): It has got its separate police force.

Professor Tony Travers (Chair): No, feel free to say what you want but we are not looking at the City in detail, I can assure you, but please feel free to carry on.

David Sheppard (Greater London Pensioners Association): It is part of that I believe.

Professor Tony Travers (Chair): Sure, of course.

David Sheppard (Greater London Pensioners Association): If the City with 1/1,000th of the population of Greater London and 1/900th of the area cost 35 - 40 times as much as the Metropolitan Police, I think in 2002, it would indicate some rather strange spending policies on the policing, which I think we will agree is a public service.

Again, when you talk about international standards, I believe I have read that in New York you have the inner city, the city and the state, all called New York, and they each put on a sales tax, with the result that the people living in the centre may be very hard hit in the prices that they pay for basic items.

Thirdly, and I seem to remember looking through the *Financial Times*, as one does recently, that [Rt Hon George] Osborne [MP for Tatton], in creating what he said was the Northern Powerhouse, he may have given a few million or billion pounds, I do not know, to Manchester for them to cover the local National Health System (NHS). However, if he cut, and I believe he did, the Revenue Support Grant now by £1,000, he is not doing them any favours because they have got the added responsibility of the NHS. Therefore, we have to be very careful. I seem to recollect that all authorities but the City, are subject to the Freedom of Information Act, in the rate support grant rules have to declare resources, reserves, residents' needs and the anticipated annual expenditure for the next year. If you do not have the basic information, and it is one of the City's privileges I believe, how are you going to apportion the expenditure fairly, or comprehensively even, let alone fairly? There is a lot of history that might be bound up in what you are trying to do.

Professor Tony Travers (Chair): Yes, all right.

David Sheppard (Greater London Pensioners Association): I approve of what you are trying to do as an organisation, if that is all right.

Again, I think under the European Economic Community (EEC) rules we can put on value added tax (VAT). In the United States they put sales tax on, or in other countries I do not know.

Professor Tony Travers (Chair): You are right. Just to interrupt. So long as we are in the EU we cannot have a different VAT rate for one part of the country to another. It is definitely true. I am not sure it would preclude a sales tax, but having a sales tax and VAT would probably be a bit complicated.

David Sheppard (Greater London Pensioners Association): As a Lexit supporter, and there a difference between Brexit and Lexit.

Professor Tony Travers (Chair): Sure. We will come back to some of that. I do not want to rule anybody out. Anybody not said anything or any of my colleagues? Yes, Richard.

Richard Lee (Just Space): It seems to Just Space as an organisation of many community groups across London, and by ‘community’ we do not mean non-governmental organisation or voluntary sector, we actually mean people who are by and large contributing in their own time. It is not salaried staff. It is actually people from the grass roots who are concerned at what they see happening around them and they want to try to change it. We have discussed this a lot too. We discussed it a lot in the production of our *Towards the Next London Plan* document, which came out in August. The important question for us is how London sees itself as a city and who it is forming partnerships with, who it is relating to. We do have a concern that there is a lack of ambition. I think that has been said by some others around the table that it is very interesting and commendable that you have had meetings in Manchester and Birmingham, but our analysis would be that we are lagging way behind Manchester and Birmingham in terms of the ambition of the devolution agenda. It is far more advanced in other parts of England.

Professor Tony Travers (Chair): I would be very happy for you to encourage us to be more in balance, more ambitious.

Richard Lee (Just Space): More ambition on devolution is needed. Whereas it seems to us that the two previous Mayors of London have really looked beyond the shores of this country, in terms of their partnerships, they have looked at Venezuela, under [Ken] Livingstone, they have looked to Shanghai and China under [Boris] Johnson. Many global initiatives around partnerships bringing the city of London together with international cities have been developed by both previous Mayors, but where has been the partnership work between London and the cities of England. Where are the actual partnership structural arrangements that enable the Mayors, the leaders of the different cities of England and the businesses from the different cities of England, and the citizens from the different cities of England to actually come together from time to time and actually share and exchange. We think there is a big issue there around who one is forming partnerships with, and certainly in terms of responding to Brexit, this would seem to be an urgent priority that London seeks to be involved in the healing process and a learning process with the rest of the country.

I can see that you want me to hurry up.

Professor Tony Travers (Chair): No, just keep going.

Richard Lee (Just Space): I just want to add something, just two other quick points. It is important for us as a community network that community groups, of which of course there are thousands and thousands across London, not NGOs, not the voluntary sector, but community groups, that they feel fully involved as part of the civil society. I do not know if this is correct, you will put me right if I am wrong, but it feels as though the London Finance Commission, up until now, but hopefully it can evolve, has not tapped into and does not see a representation of the community sector within your work. Around this table we are in a minority, even though I understood this was your community-focused session. I am talking about community groups.

We are very keen and we made this the number one item in our *Towards the London Plan* that the development of partnership actually has to do a considerable amount of opening up, so that the community sector part of civil society, or the diversity of community groups are welcomed. We feel that is very important.

Finally, as I mentioned earlier, we think that there is a need for devolution, absolutely. We think that in the past there has been a devolution which has not been about the devolution of social policy issues. Just to give an example, we have had a devolution of the housing investment budget. It was devolved from central Government determination to a devolved budget to the Mayor of London. Whilst this was very welcome, in terms of housing investment, there was no interlinked devolution of powers in terms of housing policy. There was a huge devolution of the housing budget, the financial aspect, to London through the Mayor, but no corresponding devolution of the power to address the very special circumstances of London on housing. We would like to see the work of this Commission actually not just be about tax and spend, but be about that and, as I think Alex [Bax] mentioned, the great importance of the devolution of social policy so that the Mayor of London does have the powers to respond to the huge housing crisis, which many of us feel is the biggest problem facing London at the moment.

Finally, we would be very keen for the Commission to actually recognise the need for some specific housing powers for London, different to the rest of the country. In our document we talk about a devolved housing bill for London, that is one of our propositions, because we feel that the housing crisis cannot be dealt with unless there is a devolution of powers on housing to the Mayor, the boroughs and the citizens of London.

Professor Tony Travers (Chair): That is very clear and, as the other contributions, helpful, but I want to build out though. Sorry, yes. Can I just say one thing and then I promise I will bring you in?

Just bearing in mind as we move forward, one of the things you make about London working with other cities, I think we would absolutely recognise that cities and the people who live in them often have very, very similar problems, not to rule out the rest of the country, but similar problems. However, of course, because of the centralisation of taxation in Britain, they are inevitably set against each other because they all have to compete back to the Treasury and to Whitehall - not only for money but for power. It does create a dynamic where, in effect, quite literally if Birmingham gets more money Manchester gets less, or they cannot get any more, because it is a sum total the Treasury is working on. Therefore, I think your point is very, very important.

The other one I want us to bear in mind is that because of the challenges of London, because of its scale and the makeup of its population are inevitably uniquely different, which is not to say they are not uniquely different in Glasgow or Newcastle, but in a different way obviously, being unique, then the question of how powers are available and used, as you say, housing, dealing with inequality whatever it is, seems to me the big challenge. We are all on side, the question is how to make the Government, not just this Government, any government, convince them of the need for more local use of power and resources - I will come back. I

will shut up as I am going on too much - in order to deliver things which would work better for the people who live in the city, so we are completely agreed, so you are right to push on this to be more ambitious. Jeremy and then Matthew [Bolton].

Jeremy Skinner (Senior Manager, Growth and Enterprise, Greater London Authority): Yes, thank you. That is obviously a very different question, is it not? I agree that the regions outside London need obviously a fair settlement. I am definitely in favour of London having more control about decision making and spending, especially in areas like skills, which I think as a country we struggle to produce a good arrangement in terms of things like techs and learning and skills councils, there still seems to be a real failure in getting the skills that employers need in an effective manner. We still have obviously high levels of unemployment in London for certain groups of people, particularly from BAME backgrounds.

It would seem to me that in terms of civil societies and communities, better duties on local government and the Mayor to really engage with communities and organisations would be critical, so that there can be a more inclusive way of making decisions about how things are done in London. Having worked in Whitehall for a little while in the past, clearly people can make better decisions at the local level. That does not mean a small elite should make all the decisions at the local level. We need it to be much more inclusive. How we get communities and civil society more engaged is obviously a real challenge for London going forward.

Clearly infrastructure is important, also community infrastructure is important. We obviously need youth services. Community service is to empower and enable people to participate. Yes, housing is obviously very critical, there is a massive housing crisis. We are building a lot of apartments at the moment, a lot of young people in those areas cannot afford to buy those apartments or live in them. How do we make sure we have got accommodation that people on the living wage can afford to rent or buy? That is a critical issue which seems to be overlooked in many parts of London at the moment. We must engage with our young people, get them in decision making and make sure if we do get extra powers to spend and control resources. More Londoners need to be involved in that process, especially young people so they can stay in London and help to build London. Brexit is obviously going to be a real challenge.

Just to say, last thing, in the last three years in London only 80 young black men have started a construction apprenticeship. That is probably three a borough. There is clearly a need to get more of our young people from all backgrounds into apprenticeships and into jobs, into skilled jobs, but clearly we are not doing that very well at the moment if only three young black men in a borough can get into a construction sector skilled opportunity.

Professor Tony Travers (Chair): OK, thank you very much. Matthew has caught my eye, but then you Graham [Fisher], because you have not spoken before. As I say, I do want to encourage my co-commissioners to chip in as they feel. Matthew and then Graham [Fisher].

Matthew Bolton (Deputy Director, Citizens UK): Just to pick up on your question then on how might we persuade the Government to do something?

Professor Tony Travers (Chair): We need your help, collectively.

Matthew Bolton (Deputy Director, Citizens UK): The autumn spending it will come and then it will go. One thing that the London Finance Commission could recommend is for a London devolution campaign. It would need to set out some common goals, it would need to set out some themes, it would need to set out, I would suggest a paradigm shift in the relationship between the Mayor, who I think has tended to try to do backroom negotiations with central Government about specific things, and to make it a bit more public and to make it a bit more inclusive, and to see business and to see *Civil Society*, to see the *Evening Standard* as possible vehicles for achieving change. That could include our continuum of a commitment to at least some form of consultation but, if possible, towards real partnership collaboration and community control and different aspects of what might come could probably come to a different point on that spectrum.

This March or April, this May, but leading up to May, we will see the citizens of Greater Manchester and the West-Midlands vote for a Mayor who has control over a lot more powers than we are able to vote for here as citizens, if you like, of London, and there will be energy in the air for greater efforts and collaboration. Therefore, I would suggest a London devolution campaign.

Professor Tony Travers (Chair): My heart soars at the thought. The idea that something I have personally been interested in for decades could become a popular campaign is a very intriguing one, so we will come back to that. Seriously, it is an interesting idea and get it out of meetings in Whitehall. Yes, Graham.

Graham Fisher (Chief Executive, London Fairness Commission): Yes. I just wanted to pick up really in terms of a principle around devolution and I think this came out very strongly from the Fairness Commission's polling of Londoners, is that taxation needs to be more progressive and it is not now. Any devolution needs to address many of the inequalities that we have talked about, particularly around council tax.

More broadly, what came out from the Commission's polling was just the additional costs of living in London are not actually being dealt with effectively within either the taxation system, nor necessarily within how much people are earning. The shift really I guess around in-work poverty and the lack of any safety nets around in-work poverty and the privatisation of housing, where many people we spoke to are paying repeatedly large amounts of money for letting agent deposit fees, means that we actually need to look at the cost base for medium and low income Londoners, within that overall package of devolution. I think that is something that came out very strongly amongst the people who see London as unfair, who are young people and people from BME communities and they are exactly those people trapped in low-paid unemployment and increasing living in the private rented sector. That is really important in terms of the devolution argument to get that principle right.

Professor Tony Travers (Chair): Can I press you on that? In the sense that how many of the levers that would have to be pulled or pushed, in order to achieve the kind of change that the Commission had in mind, are actually in the hands of the Mayor or the boroughs? I think

I know the answer to this question, so I am asking a question I want you to give me the answer I think I know, so let us not pretend. Am I right in thinking that many of the levers, some are but many are not, in the hands of the boroughs?

Graham Fisher (Chief Executive, London Fairness Commission): You are largely right. Part of the challenge with focussing solely on taxation is --

Professor Tony Travers (Chair): Well pretty well tax, welfare system (Overspeaking) budgets.

Graham Fisher (Chief Executive, London Fairness Commission): Just take an example. Fundamentally, say the right to buy, that is clearly a policy which we would argue from the Fairness Commission is damaging. All right?

Professor Tony Travers (Chair): Yes.

Graham Fisher (Chief Executive, London Fairness Commission): The question, therefore, is if we move to a devolution, if we are saying that fundamentally housing is a devolved responsibility then what has to come with it is not only the ability to look at taxation associated with that, but the way it operates. Therefore, we are asking your question, there would be a need to pass law that would effectively allow local government to be able to set policy. You also then have to tackle what is going to be a couple of the issues that we have already touched. When you deal with that across the boroughs of London, there has to be a consensus of that policy, because otherwise we get to the point where we are now starting to see a pushing of affordable housing to more peripheral areas. Fine, but that actually just increases cost for those who are less able to afford it, because of the lack of transportation.

At the same level you have issues, you are going to have issues between the devolved cities and, therefore, how we would pass the supplement where we are in a growth area. We are going to have to work that through. If I am listening to the conversation, there is less of a challenge around the construct of what, but it is how. What we are saying here is that we do want to see greater devolution, probably housing and transportation, communication are the key topics. Why are we doing that? We are doing it to stimulate growth, to improve efficiency and effectiveness, but in doing so also address inequalities, because those will actually drag you down if we do not stimulate those in the first place.

It is the how that we have to put on paper, because the reality is that you will not get far unless you can start to see some of that blueprint. Certainly being a Chief Finance Officer of a major organisation I have had more fights, not about obviously 'the budget' but how that budget gets cut up. That is where the issues are going to be, because if people outside of London feel that London is seeking to carve more and more of its pie, and effectively that £34bn that is currently being redistributed, if there is any question that that is effectively not going to get redistributed. Therefore, in answering that question we also have to answer that question at the borough level, because that is where some of those challenges are.

To me, it is those sorts of issues and it is getting down to pragmatic solutions stimulating the build-up of now, what, 250,000 housing units where we have planning permission, but no disrespect, Tony, are not being built. We have to stimulate, we have to accelerate, we have the ability to do it but we just have to unlock it.

Professor Tony Travers (Chair): One of the things that we are clear about in the interim report you kindly reference, and as we move forward, and I think this is common and agreed between the Mayor, the GLA and the boroughs, is that there will have to be more developed formal joint governance arrangements to handle many of these issues as, when and if there is serious devolution, further devolution. Within the London distribution of resources, David [Sheppard], having worked at the old Department of the Environment will remember the joys of the London Rate Equalisation Scheme that once stalked the land.

David Sheppard (Greater London Pensioners Association): Not my area, Tony.

Professor Tony Travers (Chair): To redistribute money within London. All of that will have to be revisited absolutely, I can assure you. Bharat, would you like to?

Bharat Mehta: I will just say a few words. What I am hearing is that no one seems to have opposed devolution. It is really, as Peter [Estlin] said, it is about the ‘how’, what are the objectives, to what avail devolution. What might the principles be underpinning the devolution?

The other thing that I am picking up, which is something that we acknowledged right at the start at the first meeting is that it is not about London flying off, saying to everyone else, “Get your tanks off our lawn”. It is really about, OK, we can all be better at managing our own resources with devolution coming from central Government. The principle that I am also hearing, Matthew [Bolton] in particular, is really it cannot be Whitehall to City Hall or to Town Hall. It has to be much more than that. With Brexit it cannot be Brussels to Whitehall to City Hall and it stops there, or indeed borough level. It has to be something slightly more imaginative and challenging.

Peter Estlin (Commissioner, London Fairness Commission): Tony, if I could make one brief point.

Professor Tony Travers (Chair): OK, Pat [Turnbull] caught my eye. Go on.

Peter Estlin (Commissioner, London Fairness Commission): It is just a brief point, which is if you extend the principles point, I think that, again, to take this to its conclusion, developing the transparency and the measurement so that that accountability sticks, certainly from the Fairness Commission’s point of view we would wish to see. Particularly there is some innovation there around whether we go to a fairness index. It is something that might be seen as novel, but actually in a society that is moving in that direction that is something that again could be a hallmark of London and it may then get replicated. I am not suggesting that there is not value elsewhere to draw in but it is something that if we strive towards devolution we have to do it in a way that has transparency and measurement.

Professor Tony Travers (Chair): OK, thanks for that. Pat then Alex [Bax]. Then, as I say, Nicholas, Jules, Tony, feel free to join in. Pat.

Pat Turnbull (London Tenants Federation): My reservations about devolution are based on things that have happened with devolved powers up to now. Just two examples. The boroughs were told that they are going to be allowed to make their own decisions about their housing policies, and then we found that various measures were taken which cut the amount of money that they would be able to spend, so they could not implement them.

Professor Tony Travers (Chair): It is not the boroughs' fault thought is it. Not to interrupt you. Carry on.

Pat Turnbull (London Tenants Federation): These are examples, are they not? The second one is a devolution of powers to individual schools, which has led to heads having to cut back and cut back on spending on various things as well. If devolution of powers is actually just a devolution of the blame, which is what has happened in so many cases up to now, so that people now blame councils solely and forget that it is the Government that is handing out less and less money to them, it is not good, is it? It will not actually achieve the equalisation that we are talking about. These things have to be considered very closely.

Professor Tony Travers (Chair): OK, fair point, absolutely. Alex is next, then David [Sheppard].

Alex Bax (Chief Executive, My Fair London): A couple of points just responding. We would be a very, very firm supporter of the idea of much more transparency and the possible role to look at other things like impact assessments. It would very, very good for us as a city to understand the flows of public taxation spend across the city, where the money goes geographically and to which group. Then as taxes devolve, to be able to see that but to publish that regularly so we can see which areas and which communities are being advantaged or disadvantaged by particular spending decisions. It is another job for a bureaucratic City Hall you could say but you --

Professor Tony Travers (Chair): I am only shaking my head, if only we could do it. I would love to be able to do it. It would be the most interesting thing, and I completely side with you in wanting to do it, but we can hardly get the figures for London as a whole, less --

Alex Bax (Chief Executive, My Fair London): It would probably be a process that would take a while to get going.

The other thing to your question about credible. It is clear that the city needs credible plans, obviously, in order to persuade, it seem to be the link to public opinion. Two issues which seem to us very strong are the housing crisis and inequality and those are the two issue which seem to be underpinning the problems of the city. There are obvious direct links between them and indeed some tax measures might actually be partial solutions to both of them in terms of taxing houses as assets and doing some stuff around changes to the council tax. We

were wondering about the idea of a property value tax with high thresholds which you could accumulate over time. You are the experts. There are various ways you could look into property taxation to begin to take the heat, particularly out of the top of the market and, indeed, dare I say it, start to depress house prices, which we think would be a good thing to do. Then to link that to spending more money on housing and, thereby, you are beginning to create a campaign which is responding to what Londoners want. It is your job presumably to make that credible to national Government.

Professor Tony Travers (Chair): Thank you for that. One thing, we had some polling commissioned. We all understand polling, but on this kind of issue I think polling is quite helpful. In answer to Pat's [Turnbull] question: which level of government do you most trust to control spending and taxation that affects Londoners? This is after all the cuts and difficulties and all the problems we have discovered, a quarter of the population most trust the Mayor, a quarter of the population most trust the boroughs, so they come in number one and two. This is all available on the internet, by the way. Only 19%, so compared with 50% for the other two, trust national Government. There is, in my view, a heartening degree of trust in government nearer to people than, given the Brexit vote and the distance issue, further away, even within the UK, which I think is really interesting.

What I am going to do, in a couple of minutes I am going to take a short break, when others who have joined us can join us around the table if they want, and anybody who is still here wants to stay for the rest of the hour is very welcome. I do not want anybody to go if they do not want to go.

Professor Tony Travers (Chair): Yes, very good. Nicholas [Holgate], Jules?

Nicholas Holgate(?): I have one small suggestion for something that should not happen this afternoon, because there is not time, but a perfectly understandable theme of those who have commented is, "We'd like a bit more say or a bit more transparency or a bit more working with", whichever bits of London Government get responsibility into something or other. Then it would be good to know where they currently think there is apparently good practise.

Professor Tony Travers (Chair): A good question. We will come back to that one.

Nicholas Holgate: As you say, stories about this afternoon are **surplus(?)**, but it would be helpful to have some approved examples of what constitutes good practise.

Professor Tony Travers (Chair): Very good question. I will come back to you, David, in a minute. Jules, Tony, you want to chip in on anything? You are right? OK. David, then Richard [Lee], then we will take a short break.

David Sheppard (Greater London Pensioners Association): We made some reference to the *Evening Standard*. The *Evening Standard* some years ago under John Gummer published a questionnaire on London's future. The only caveat was that if you asked for a pan-London authority you invalidated your ballot paper because Mrs Thatcher [Former Prime Minister] spent years getting rid of the Greater London Council (GLC). The commuter club of the

Evening Standard never even voted on anything, including transport, [inaudible - even when a Tory transport minister was present?].

The *Local Government Chronical* and the *Health Service Journal* sometimes suggest that some of the ministers we have had in the recent past would like no more representatives than they can get in their conference room, 12 for all the health authorities in England, and they can sort it out - maybe that is why there is such a campaign to elect Mayors. When it came to police commissioners, I believe one police commissioner was elected by all of three people. How representative such a person is I do not know. Of course the City being an exception, that is election by an acclamation and 126 councillors and resident-free wards. I am very concerned with what actually is the way to get some kind of representative government. I am speaking off the top of my head.

Professor Tony Travers (Chair): We will do our best to help. Richard, I think you were patiently waiting.

Richard Lee (Just Space): Yes, I wanted to quickly respond to some of the reflections that have been made around the table, particularly around who are things unfair for. There has been a strong current about existing inequality and unfairness within London and some people have said who they think the situation in London is particularly unfair for. We have heard about young black men being unable to access apprenticeships, absolutely these are disgraceful figures but, equally, many other groups of young people are unable to access apprenticeships right across the board. There is a crisis about being unable to access apprenticeships. Your Fairness Commission reported, if I heard correctly, that you felt that it was BAME and young people for whom London was unfair. I think that's what I heard you say. We need to be a little bit more inclusive actually. Certainly within our document we see, unfortunately, the way in which London has developed in recent decades as being unfair for the majority of Londoners. The majority! I have not heard, around this table, people talking about the majority.

Pat Turnbull (London Tenants Federation): Could I --

Richard Lee (Just Space): Well in a minute you can. Within our document *Towards a Community Led Plan for London*, yes we argue that recognising the differential impact on particular groups has to be heard, recognised and addressed. It has to be. That difference includes also other groups as well as those around this table. People with disabilities are not around this table. People from the gypsy and traveller communities are not around this table. These are just two further examples where there is a complete differential in treatment across the board. No one has mentioned working class communities. Within our document we argue that if you are looking at unfairness, you are looking at all the equality groups but also you are looking at working class communities across London.

Clearly when we look at things like what is happening with housing and the low-wage economy, this is not just impacting - though it may impact to a higher level - on particular groups of identity, it is impacting on the whole of the working class across London. We feel at Just Space that we need to recognise and respond to difference but we need to create the

foundations for solidarities. We cannot just talk about young people, black people or older people because the impact is on so many people, the majority of people across London. We must knit that together and recognise the working-class aspect, which surely was the huge cry from Brexit, surely. Any analysis will say the biggest cry here was from working class communities. We must address that and look at how we can lay foundations in this work for the city that address those solidarities.

Very quickly, we do seek to address this in ways that some of you have described. We do think that having indicators for monitoring is extremely important and we also suggest some in our document that are indicators for everybody. Alex [Bax], you mentioned health impact assessments. That is part of the established system and they could be done much better. What is not part of the system are assessments around social impact. They are just not there in the system at all and yet there seems to be a huge question here around social justice. We need to have some regulatory mechanisms that address social justice issues.

Professor Tony Travers (Chair): I want to pause. Alex, you are welcome to a very brief response. Then I want to take a short break and then bring in our new guests.

Alex Bax (Chief Executive, My Fair London): A very quick comment to build on that. My Fair London was founded around the ideas of Richard Wilkinson and Kate Pickett in *The Spirit Level*, an analysis of inequality in society, nicely recently paraphrased - and there is further scientific evidence showing this - as saying there is no safe dose of inequality, a bit like asbestos.

Economic inequality is corrosive and, speaking to your social solidarity question, it is harmful and corrosive to all of us in a non-equal society. People at the bottom experience the strongest and the worst harms but we are all affected and influenced by it. Therefore, speaking to the question of social solidarity, it is fundamentally important to us as a city and a collective to recognise that and to take steps. Perhaps that is your common core, that an unequal society damages everybody within it. People at the bottom pay the biggest price but even people at the top discover that living in a gated community is not that much fun.

Professor Tony Travers (Chair): I am going to have the last word here before we break. I would like to think that councillors, for all sorts of reasons, ever so slightly better represent a full range of people than Members of Parliament (MPs) ever could.

David Sheppard (Greater London Pensioners Association): Except in the City, for instance....

Professor Tony Travers (Chair): More generally across London. Right, enough. I have started another hare running. Five minutes, no more, and then I am going to invite our second group of guests.

First, welcome. I am sorry we are starting the second part a bit late but thank you to those of you who have come in for this, the second half of our evidence session this afternoon.

“Evidence session” makes it sound rather more formal than we are trying to make it. My name is Tony Travers and I am the Chair of the London Finance Commission. The London Finance Commission has been recreated by the Mayor, Sadiq Khan. It had a previous existence under the previous Mayor, Boris Johnson. We are looking at, particularly in the light of the EU referendum result, the question of whether there should be further devolution of tax and possibly spending powers to London with a view to making it easier for London to control its own destiny.

In the first session - I know some of you will have heard a bit of this - we bumped up against a number of issues about what people see are important questions. At the very end, Nicholas Holgate raised the interesting question that if we are to pursue Matthew’s [Bolton] earlier idea that we need to campaign a bit and that there are better and worse ways of delivering a more nuanced service and other operations of government, the community and government at the local level, where are we going to find examples of good practice of that? I will ask Nicholas to reiterate that question when we get going.

What I would like to do is quickly go around the table, very quickly to give us enough time.

Imran Hussain (Director of Policy, Rights and Advocacy, Child Poverty Action Group): Imran Hussain, Child Poverty Action Group.

Bharat Mehta: Bharat Mehta, Trust for London. Also a Commissioner.

Alex Bax (Chief Executive, My Fair London): Alex Bax, My Fair London.

Michael Bell (Director, MBARC and Chairman of Croydon Health Services National Health Service Trust): Michael Bell from MBARC but also from Croydon Health Services, a NHS Trust.

David Sheppard (Greater London Pensioners Association): Dave Sheppard, Greater London Pensioners Association.

Tunde Banjoko (Making the Leap): Tunde Banjoko, Making the Leap.

Nicholas Holgate: Nicholas Holgate, Town Clerk, Kensington and Chelsea, and a Commissioner.

Matthew Bolton (Deputy Director, Citizens UK): Matthew Bolton, Citizens UK.

Tony Pidgley: Tony Pidgley, Chairman of Berkeley Group housebuilders. I am also a Commissioner and I am also President of the London Chamber of Commerce.

Lisa Redding (Acting Chief Executive, London Voluntary Service Council): Lisa Redding, London Voluntary Service Council.

David Burgh: David Burgh, GLA Secretariat.

Zrinka Bralo (Migrants Organise): Zrinka Bralo, Migrants Organise.

Jeremy Crook (Chief Executive, Black Training and Enterprise Group): Jeremy Crook, Black Training and Enterprise Group.

James Lee (Senior Policy Officer - Economic and Business Policy, Greater London Authority): James Lee. I work here and I am also part of the Secretariat for the Commission.

Richard Lee (Just Space): Richard Lee, Just Space.

Shirley Hanazawa (Just Space): Shirley Hanazawa, Just Space.

Pat Turnbull (London Tenants Federation): Pat Turnbull, London Tenants Federation.

Alice Woudhuysen (London Campaign Manager, Child Poverty Action Group): Alice Woudhuysen, London Campaign Manager at Child Poverty Action Group.

Bradley Few: Bradley Few, GLA.

Peter Estlin (Alderman, City of London): Peter Estlin, Commissioner for the London Fairness Commission.

Greg Burland: Greg Burland from My Fair London.

Pam Remon: Pam Remon, My Fair London.

[two others – inaudible]

Professor Tony Travers (Chair): I would like to begin with a question rather like the one I put at the beginning of the afternoon for our earlier witnesses, which is this. Given the unique nature of London's makeup, the people who live here, the businesses that operate here, the way in which such a very large city functions, the inequalities that that produces, the stresses and strains, the need for infrastructure and the need for housing in particular that this produces, is this Commission reasonably oriented in seeking to argue for more devolved power? We have published an interim report with some of this material in it to explain very briefly where we are headed. If more decisions were made in London, perhaps controlling more of London's taxes - that is not putting up the taxes and definitely not depriving the rest of the country of any taxes, just using the resources better - would that make the operation of public services, the housing system and so on, better or possibly better than the way we do it now? That is as succinctly as I can manage it, a bit better than I did earlier. Who would like to have a go? Michael and then Imran [Hussain].

Michael Bell (Director, MBARC and Chairman of Croydon Health Services National Health Service Trust): What I would like to say is that it is not just about devolution to London. It is devolution within London as well.

Professor Tony Travers (Chair): Sorry, I should have said that. Thank you. You are absolutely right.

Michael Bell (Director, MBARC and Chairman of Croydon Health Services National Health Service Trust): That is an important point because it is about making decisions at the appropriate place and often that is at borough level, and within boroughs it is often at a locality level.

Professor Tony Travers (Chair): Absolutely.

Michael Bell (Director, MBARC and Chairman of Croydon Health Services National Health Service Trust): We should not be just arguing for devolution of existing fiscal issues, we should be looking at new powers as well. You will recall that Ken [Livingstone], when he was Mayor, sought to issue bonds for Transport for London (TfL) for investment in infrastructure.

If we look at the health sector, at present we are currently developing five sub-regional Sustainability and Transformation Plans, five-year forward plans for the whole of the NHS and social care in the sub-regions of London. Already we have identified that for those plans to become real, we need £5bn of capital. The amount the NHS will have in capital over that period for London is probably less than £1bn. That leaves a massive shortfall. If we are to realise the ambition of transforming health and social care in London, we need to find that money.

A health bond for London, or a health and social care bond, would allow us to regrade our hospitals and, more importantly, we could also invest in primary community facilities that are essential if we are going to make that transformation. It is not just devolving existing powers. Let us get some new ones as well.

Professor Tony Travers (Chair): I will take Imran's comment first but Jeremy [Crook] might respond to that because he has done a lot of work at City Hall in the matter of transport. Certainly I cannot personally see any logic, in a devolved world, why this kind of model could not work for health.

Imran Hussain (Director of Policy, Rights and Advocacy, Child Poverty Action Group): A one-word answer to your question is, "Depends".

Professor Tony Travers (Chair): OK. Deconstruct that for me.

Imran Hussain (Director of Policy, Rights and Advocacy, Child Poverty Action Group): Right, I will. I work for Child Poverty Action Group and the experience so far of devolution, the most notable experience for us, has been what has happened on the devolution of the Social Fund and what has happened with council tax support. Both of those have impacted negatively on low-income families. From my point of view, devolution in itself is not the end game, it is a means to an end. If it can be done properly then there are advantages, but if it is not then I cannot say why we should say it is desirable just because it is devolution.

We should think about identifying some core principles for devolution. One of those would be about making sure that the need of the citizens is the primary principle, or one of those principles. It should be sustainable, adequately resourced and, as somebody earlier said, not about shifting the blame from central government to local government and passing on the cut.

The theory behind the council tax devolution was that it was a blunt national government cut but local government would finesse it so that it would protect the most vulnerable. That did not really happen. The work the Child Poverty Action Group has done with the Zacchaeus 2000 Trust (Z2K) on the council tax has made it abundantly clear that people who are too poor to pay are paying council tax, are struggling to pay council tax, are getting into arrears and are facing bailiff action. That has not happened. I imagine there is some temptation from councils, when money is being offered from central Government that is not ring-fenced, to take it because there are precious few other resources coming. We see that a little bit with local welfare assistance schemes, or we did see that when that money was on offer.

Professor Tony Travers (Chair): It is a fair point. In defence of the boroughs - and you made this point yourself - they had no choice but to inherit the council tax support system with 90% of the money spent in the previous year. We are definitely not going to be recommending devolving services with no money attached to them. That would be eccentric. In fact, the same is happening to public health resources now. Public health was protected when central Government, via the NHS, was responsible for it, but now it has been handed over to local government, surprise, surprise, it is being cut. We are alert to this problem but it is a fair point.

Imran Hussain (Director of Policy, Rights and Advocacy, Child Poverty Action Group): (Inaudible) with that then. There has been an accountability gap with those devolutions because everyone knew that central government was passing on the cut. No one got too angry at local government because everyone could see that local government had no choice. The central government position was, "What are you complaining about? We have given you the money, more or less". There was a settlement letter that basically told --

Professor Tony Travers (Chair): Also a short-term emergency fund, as I remember, just to make it even more complicated to understand.

Imran Hussain (Director of Policy, Rights and Advocacy, Child Poverty Action Group): Yes. There is an element there of accountability and ownership, whether it is there, and simplicity. The downside of devolution is that you lose a bit of simplicity. You have all these councils in London having their own local welfare schemes - where they still have them - and having their own council tax regimes, which makes it very hard for individuals to understand, particularly when they move, and advice workers to understand. For us, devolution can be good. It has not worked out that way so far when it comes to benefits. Going forward, we need to exercise caution and make sure you test the proposal by looking at a number of basic principles.

Professor Tony Travers (Chair): OK. Very good. Helpful. Jeremy, did you want to say a word on the idea of a health bond?

Jeremy Crook (Chief Executive, Black Training and Enterprise Group): Yes. We would be all in favour of having more control over making our own council investment decisions with the obvious proviso that we would need to know that we had some security and some means of repaying such investments.

We have been able, as Tony said, in certain transport schemes, to create instruments to enable us to repay the upfront borrowing required, both of which are localist in the way they operate but have recourse to national government support. In the case of extending the Northern line to Battersea Power Station, we almost for the first time have an agreement with government to hypothecate, over a very long period of time, all the future business rates in that area to help repay approximately £1bn in borrowing for that scheme. In the case of Crossrail, again we have national Government to legislate to create a business rate supplement only on the top 15% of businesses to pay an additional 2p in the £ as a certain contribution to Crossrail. Interestingly, that legislation has only been used in London and, as far as I am aware, has never been used outside London because it requires a ballot of all business rate payers. What was meant to be a localist measure has in fact turned out to be a Crossrail-financing instrument.

If London government were to have more powers and a bigger fiscal base it could start to make those judicious investments in the estate, particularly if such investments were then to lead to very significant revenue efficiencies. It is often those connections or trade-offs that cannot easily be made in a nationally run system, it would seem to me.

Michael Bell (Director, MBARC and Chairman of Croydon Health Services National Health Service Trust): Just a very rapid response. Great. What we know is that there is a solid revenue stream that has allowed us to enter into private finance initiative (PFI) agreements for 30 years. Unfortunately, those PFI agreements have ruinous interest rates and service charges attached to them. A bond would be a low-cost option, again with a guaranteed revenue stream. It may be more complex if you add social care into the mix because the revenue stream will not be as solid as it is within the health sector but it is a gold-plated investment for anyone.

Professor Tony Travers (Chair): We know local authorities in other parts of the country - I am not sure it has happened in London - have effectively helped health partners to buy out what were ruinous PFI deals. We can use the word 'ruinous' these days, can we not? Partly because local government can get cheaper money. This is a fruitful area for us to think about in terms of a more advanced devolutionary offer extending into improving the NHS in London. Would anybody else like to address the general question about the parts of the way London functions that they are interested in and whether there is some hope that if there were devolved power, and perhaps devolved control over taxation, that this would be easier to handle at the London level rather than it being done by national government to London?

Tunde Banjoko (Making the Leap): As has been said by a couple of previous speakers, in and of itself it does not necessarily mean it will. The idea that London has more money and that it can spend more flexibly is undoubtedly a good thing but I would like to see any money spent, particularly when it comes to physical infrastructure and other things, tied up with strong local labour agreements that commit employers and developers to procure their services locally and for that procurement to have equality, both racial and socioeconomic, embedded within it. If London having more control over its budget would result in that, then of course that would be a very good thing.

Professor Tony Travers (Chair): What do you think are the current barriers? Is it a lack of interest, a lack of good practice evidence or what? Given that London has been good at generating jobs in the last few years, why does this use of local labour fail now?

Tunde Banjoko (Making the Leap): It has not been enough of a political priority. London leadership has to come from the top. If you have a Mayor who is committed to making sure that all Londoners benefit from what is going on in this fantastic city people would follow on and take the lead, but it has to be made a priority. It has to be made something that people expect and want to see. We have had so many massive projects that have not benefited local people and that is a shame. As I say again, if London getting more control over its budget is going to result in benefits for normal Londoners and poorer Londoners, then it is something that we should pursue.

Professor Tony Travers (Chair): OK, great. I will bring in Jeremy [Crook]. Do you instinctively feel that City Hall or borough government would be a bit more likely to insist on that than national government?

Tunde Banjoko (Making the Leap): It depends on who is leading.

Professor Tony Travers (Chair): Other things being equal. It does happen in some boroughs already, does it not?

Tunde Banjoko (Making the Leap): Yes. I would be more hopeful that under this mayoralty there will be strides in that direction than previously.

Professor Tony (Chair): OK, very good. Thanks. Jeremy.

Jeremy Crook (CEO, Black Training and Enterprise Group): Just to say a lot of councils and public bodies have cited the EU regulations around procurement as a reason why they cannot procure more local suppliers for many years so, now we are coming out of the EU, I do not think that is going to mean we have got less bureaucratic barriers around that but that has been often cited to us, trying to get more local firms to get local contracts from local councils, for example. It seems to me there is an opportunity to be more radical about social value, local firms, local labour than we have been in the past. I would like to think the Commission will look at that and see if there is a scope for it to be a lot more progressive around that, as Tunde has outlined, because it is vital because there are so many small firms who cannot get local contracts for various reasons, and obviously there has been a shift

towards large contracting anyway in local councils, particularly construction, for example, so small firms have missed out on that very often.

Professor Tony Travers (Chair): OK, Lisa.

Lisa Redding (Acting Chief Executive, London Voluntary Service Council): Yes, devolution for London should present a huge opportunity. Talking about physical infrastructure, before anyone starts building anything the communities have to be asked whether it is something they want and that is beneficial to their area. At the moment in London we see so many developments being developed for investors, for foreign investors, there has been little heed been given to the communities that were already existing. You just have to look at the Elephant and Castle and what is happening there at the moment. Devolution, yes, but at the heart of all the decisions have to be London's communities, all of them.

Professor Tony (Chair): Just to press you with that once or twice earlier this afternoon and given that one of the ways that the boroughs and government as a whole, boroughs, City Hall, national government together operate the planning system, is at some level to use development to pay for other things; Elephant and Castle, a swimming pool has appeared, has it not, which otherwise would not have existed?

Female Speaker: Was there not one before?

Professor Tony (Chair): Hold on just a minute, I am just trying to press this. It is how to explain the trade-offs that come into being in this particular system to people. I am not at all disagreeing with the point you are making but in a sense without that development there would be less to spend on other things in the system we have ended up with. Do you think that that system needs to be changed or it is a bad system or that the Government should do something different?

Lisa Redding (Acting Chief Executive, London Voluntary Service Council): It can be a very good system, again, if the communities are asked what they would like that money spent on. Usually developers decide what they want to spend it on rather than it being something that is genuinely what the community needs.

Professor Tony Travers (Chair): OK, right. David, briefly.

David Sheppard (Greater London Pensioners Association): Just briefly, I am assuming that the Joel Barnett formula still operates in some way.

Professor Tony Travers (Chair): Within Scotland, Wales and Northern Ireland.

David Sheppard (Greater London Pensioners Association): Yes, so whatever is done in London, presumably, all things being equal, is going to have an effect on the allocation through the Joel Barnett formula; I do not know. In London of course we have already seen

the brilliant idea of Garden Bridge, an expenditure of money even before a single brick has been laid. I do not know but are you chasing after clouds?

Professor Tony (Chair): Again, we may also leave the Garden Bridge to one side, not because it is not inherently interesting, like Brexit, it is just slightly outside our remit. I take it, it is an inherently interesting issue. Imran.

Imran Hussain (Director of Policy, Rights & Advocacy, Child Poverty Action Group): One area of London that could look at, in terms of taking more control over, is childcare; 37% of London children are growing up in poverty. We know the risk of poverty falls when parents are working, and more parents in the household working the better. We know that in London mothers in couples are less likely to work than the national average by about ten percentage points. We know that the childcare market generally is not working but particularly in London, we know access is poor, we know quality is low and we know costs, affordability is very problematic. There is an opportunity there to look at London's patchwork system for childcare. As a parent in London when you think about the costs you are facing, a lot will depend on whether you are on universal credit or not, you know it is rolling out, there will be two systems for a long time. Or dependent on the hours that you need the childcare, whether it takes you over your limit for universal credit and tax credits, and whether you can actually access the free hours offer from the Government. What we would like is London to take a cross-London lead over childcare and have a service to manage all that together, to map current provision in London, identify gaps influencing planning decisions, maybe providing start-up grants and maybe focus on inefficiencies and money for start-up advice for child-minders. We think that kind of pan-London look would actually benefit the whole of London. Also because the free offer is not being taken up at the moment there is money that London is due to get but is not able to take; so taking that money and using it to fund that kind of service, we see as being something that could actually make a big difference in London.

Professor Tony Travers (Chair): As I said earlier on in the previous session, one of the things the Commission will be recommending because it is the only way all of this could be carried forward, is strengthened government arrangements but we all need to recognise that the only way all of this will go forward is if the Mayor and the boroughs carry this forward in agreement that therefore whilst there is always a trade-off between city-wide and local, the Government's arrangements have to handle the diplomatic niceties of the need for the very local and the need for the city-wide and not having inconsistency, and we are apprised of the need to keep all of that on the track. Matthew, and then I am going to ask Nicholas if he would like to make his good practice point again because I did not represent it very accurately just now. Matthew.

Matthew Bolton (Deputy Director, Citizens UK): I suppose just to say that currently that kind of negotiation around local authority level versus London level does happen a lot about a lot of things and that this hearing today is about the community side which adds another layer of opportunity and I suppose also of complexity. Picking up on the idea of a London devolution campaign, it would definitely need to start with some principles and some priorities and the current Mayor's expressed values, principles and priorities would be a

decent start. He has got a big democratic mandate; that is a good place to start and it would definitely require his leadership but it would require a different kind of process and the right kind of advisory group but also the right kind of staged engagement with the breadth of different organisations, a handful of whom have come to the room today but there are a lot out there. Approaching that with the questions of what is it that people want and what is it that they have to offer towards the goal of achieving these greater powers for London, whether they have got people, whether they have got money, whether they have got intelligence. That would be an exciting thing and it does connect to the idea of best practice because you have to capture imagination, whether it is in the United States with cities where this kind of form of extra devolved powers and perhaps greater collaboration are there but also small local London examples that could be part of the communication and engagement with community groups.

Professor Tony Travers (Chair): OK, that is very helpful. We must come back to this it is a powerful thought and I do not want to underplay it so we will come back to that. Zrinka, sorry.

Zrinka Bralo (Migrants Organise): No, I just thought Nicholas --

Professor Tony Travers (Chair): No, he knows what he is going to say but you have not spoken so far. Go on, you speak, please.

Zrinka Bralo (Migrants Organise): I suppose coming from the angle of migrant population in London regardless of immigration status, there are more than three million foreign born in London which is now coming to 30%. My perspective would be, as a Londoner and foreign born and a refugee and a woman - those are my chips on the shoulder at the moment. It is what we do with the devolved powers and is it only about money or what other powers would London need, particularly from the point of view of immigrant population to feel welcome and included, and to what extent that is in opposition almost to the current hostile environment policy and what intended and unintended consequences of that, hostile environment policy, have on us conducting our daily lives in London with dignity and respect. The most difficult aspect of that at the moment is documentation and that goes for documented, undocumented and under-documented people. For example, I do not drive so every time I go to take petty cash to Barclays Bank in Ladbroke Grove I have to bring my passport. What if I did not have a passport? There are schemes around the world, New York and Paris leading in voluntary identity card schemes but also what powers and I welcome personally the appointment of Matthew Ryder QC [as Deputy Mayor for Social Integration, Social Mobility and Community Engagement] because we need a legal mind for inclusion and integration in London, in the light of everything that is going on. There are serious problems that people are experiencing on a daily basis because the obstacles are being put in their way in order to tackle a problem that almost does not exist and that is the pressure on push factor on hostile environment for undocumented or illegal immigration. So --

Professor Tony Travers (Chair): Sorry. No, go on, you carry on. I was going to say, the question I have asked before this afternoon, aiming off for the fact that there is a better or worse way of doing this and some of the other qualifications you have heard, do you

instinctively feel that if London controlled more of its own destiny what you are asking for would be more likely to happen?

Zrinka Bralo (Migrants Organise): I absolutely need that. I need better policing and more money for policing of hate crime in particular, because that has just gone off the scale and I do not think the Metropolitan Police Service is equipped or has resources to deal with that at the moment. We cannot do hate crime policing through an app, it is just not working.

Professor Tony (Chair): If London had more control over its own resources and more powers --

Zrinka Bralo (Migrants Organise): Absolutely.

Professor Tony (Chair): -- do you think it would handle it better in these terms?

Zrinka Bralo (Migrants Organise): It needs to and I am not talking about London Republic in the sense of we need to be separate but I am talking about balancing of where the concentration of population with certain needs; so it would be children, it would be poor people, it would be immigrants. It really needs to be directed by how much we put in and then what our needs are. At the moment it is fair to say without in depth analysis and research that immigrants put in a lot and take out very little in terms of practicalities of our daily lives, and again, that is a sweeping generalisation because there are lots of people in Kensington and Chelsea who can afford certain things that some people in other parts of London cannot so it is unfair to talk about immigrants as this lump without identity. Looking at bigger cities like New York; de Blasio employs 50 people in the Office for Immigrant Affairs because they recognise the value and the importance of citizen and urban subject and that is the sort of primary identity that we are talking about, and Paris is following that lead. We need to be thinking about where is the leadership going to come from, and obviously that leadership needs to have resources and how that fits in and where London can lead for the rest of the country in terms of inclusiveness and, in general just dignity. There are day-to-day experiences now that are offensive actually, if you are an immigrant in London and I just cannot believe that that is happening in 2016 in London.

Professor Tony Travers (Chair): OK, very helpful. I am going to ask Nicholas to put his best practice point again and then I want to bring Bharat in who has coordinated a lot of this afternoon and I feel I would like to go to him. Then I will come back to you, Tunde.

Nicholas Holgate: An upshot from the previous session was, quite understandably, people who are deeply committed to a particular concern, particular cause, want to have more involvement in decisions on the spending or taxation which can assist that cause and it would help to have examples of good practice where they feel London government, however you choose to define it, currently does a relatively good job in that regard so that we have a source of one or two starters for ten in how to give effect to that because, again, if you do not do that well then some bien pensant public servant will do it on your behalf and get it wrong, so you might wish to tell us how to do it properly in the first place. Can I make three disagreeable points that people are sort of sliding past in their enthusiasm for lobbying in the way that they

would do were we to get any more responsibility for anything? The first point is we cannot be reaching an opinion on whether more devolution for London would be a good or bad thing depending on which political party currently occupies which layer of government. These things only happen once in a very long while and it is quite likely that, at least two maybe several main parties will be occupying one or other level, either locally or sub-regionally or the mayor or central government, so it has got to work for you irrespective of pattern in that regard. The second thing is that the more devolution we have, assuming it does not just come to a London-wide level and stop there, there will be variety in outcome, either borough by borough or sub-region by sub-region, and that is another slightly double-edged sword that you have got to decide whether you like the sound of or not because there are quite likely to be quite distinctive and divergent local responses to any one area. The third disagreeable point is that in the first instance this is going to be zero sum. You can make extremely gifted and persuasive cases for childcare, for this, that or the other but actually you are competing with somebody else who is going to get less. There are two tiny exceptions to that; one is there might be one or two fringe taxes, as I would think of them, like a hotel tax were the Chancellor so generous as to award them to us, but that is not going to raise a huge amount of money frankly, and the other dividend which some people will find quite disagreeable in and of itself, is if all of this actually enables London to grow faster than something; faster than it otherwise would or faster than other regions or faster than the sum of human needs it accumulates, you know, gives it some head room, and that bears back upon the sorts of choices that London government will be obliged to make and it may happen quickly. In the first instance there is no new money.

Professor Tony Travers (Chair): I suppose the only thing I would say slightly to counter that is that it is possible that sub-nationally, sorry, at the London level, however defined, there might be less waste, there might be more consistency in provision.

Nicholas Holgate: There might but that has to be earned as well --

Professor Tony Travers (Chair): I accept that.

Nicholas Holgate: -- and identified but you are right there is a potential --

Imran Hussain (Director of Policy, Rights & Advocacy, Child Poverty Action Group): There is also money with childcare that is not being spent.

Professor Tony Travers (Chair): Is not being spent, that is it, something that is under-claimed.

Zrinka Bralo (Migrants Organise): There are also things that can be done without money.

Professor Tony Travers (Chair): There are things that can be done without money I suppose that is government regulation. It is a very good point. Regulation, in particular, variously described, absolutely.

Bharat Mehta: I want to follow on from Nicholas' point. You are absolutely right that we should be careful what we ask for because devolution as a concept would be good, it is motherhood and apple pie almost but therein in the detail lies the devil. For instance, we talked about social care. Actually social care costs more and the costs are rising faster than, I suspect, regional growth might be able to afford. Why, in your right mind, would you ask for devolution because central Government bears the cost at the moment? We need to think those things through. I do not disagree. I think it actually needs to be at local authority level but it is a poisoned well if you are not careful. The governance arrangements of devolution are the ones that really will need concentration in terms of what happens at borough level and how the redistribution from, let's say, City Hall to borough level as equalisation takes place. That is something I said earlier, are there principles and values, what are the objectives of devolution, where are we trying to go with devolution. Are there specific issues that we should be concentrating on? For instance, would housing, transport, skills development, business support, broadband and employment, unemployment, is something that Philippa Roe raised. It is about how Westminster may be able to help Bexley rather than Bexley being left to fend for itself. We need to think about those things. Devolution as a concept from central to regional government is fine and inherently there may be that it will lead to growth, faster growth than we would get otherwise; but it is a leap.

Professor Tony Travers (Chair): OK, right.

Tunde Banjoko (Making the Leap): Just to say I could never imagine a situation whereby Westminster is going to have, as a priority, for example, affordable housing in London.

Professor Tony Travers (Chair): Which Westminster? Do you mean the House of Commons or the borough?

Tunde Banjoko (Making the Leap): Yes, the House of Commons. Is going to have that as a priority, that is going to be something that you would expect a mayorality to think about and it is something that really does need to happen if we are to stop this creeping Parisification of London that is currently going on. Again, that is the type of thing that I would hope that if London got more of its money a mayor would be able to make a priority.

Professor Tony Travers (Chair): OK, very good.

Tony Pidgley: I have been used to a certain amount of confrontation in diversity over the years because we are house builders. What encourages me today about why we need devolution, and I see it a lot, is that what comes out from today, we need more joined up thinking. Now, I have sat on something with Lord Best now on four different occasions called Extra Care. We cannot get that through the central government, we have had a different housing minister most of my life, every 12 months and no sooner does he understand the subject matter and they change him. What comes out today is that we do need that joined up thinking we need to think about that best value argument. You talk about the NHS, you sell every site you have got for best value. I am not arguing whether that is right or not but we need to go back to where is the best value for the community at the end of the day. We have talked about it, right, how do you do that? If you take the Metropolitan Police Service

sites that were sold off, why do they not just take a small corner and say to the developer, “Build 20 houses there for nothing” at the end of the day? You go back to the labour that fascinates me. I am not proud to sit here and you may shoot me to pieces but 16,000 people work for my group every day, we are part of the supply chain on building sites; 50% of my labour force comes out of Europe. It takes me today 40 weeks to build a house. When I was 19 it took me 20 weeks so it is twice as long. I am, today, with 16,000, 8,000 people short of what I require. Now, the problem I have is I do not know anybody that works for me that does not get paid £200 a day. Why have I not got more labour? Why can I not get more labour? Why can I not get more English people to work for me? Your number of young black people, well, you have got it wrong; I have got more young black people in my -- we have 1,500 apprentices and there are more than 100 young -- there are ten next door [at One Tower Bridge] so there is something wrong with your number. I do not mean to be confrontational but at the end of the day what I like about it, let us have more debate, let us get into it because I was on a big council estate the other day, if you will forgive me, Tony, for a minute. It is outside London; I am not going to tell you where it is because I do not want to embarrass the MP, but I go with an MP. I arrive at 8.00am for breakfast, very important person (VIP) treatment, red carpet for me because of who I am; one breakfast. At 9.30am the MP arrives, two breakfasts, fantastic. Then we get on this big coach and I thought, “Oh, here we go” and we are going to go to a council estate. Forgive the expression “council estate” but I do not like calling them “sink estates”. We arrive, ten members of the Council, all their officers, and there are some people in the Council estate. Now, it has been shut down, it was a corner precinct when I was a young man, it is boarded up, there is graffiti everywhere, dead cars. Some of the people see us walking around all suited up and they call us “effing ws” I will not say exactly what it is, the ladies hopefully can work it out. The MP gets back on the coach, three days after we have lost that dear girl, Jo Cox, in the north so I can perhaps understand that. I go and talk to the people; no aspiration. Fifteen years they have been working, that is why you are joined up. Fifteen years, get this in your heads, bureaucracy: too much debate, too many meetings. No aspiration, salary increases I talked to them about, 1% a year, and then we wonder why we have got deprivation in this country and uncertainty. We need to get devolution and get it down to a local level to speed up the decision making. Nicholas is right it will not always be pleasant but you sit there 15 years being promised you are going to get something and you have got nothing 15 years later, and still no decision out of that local authority. I think devolution is a good thing and that is why I support it and we should all work together and we should speak up and we should try to get this moving forward and find that fairness and balance that you are all talking about. Sorry to go on.

Professor Tony Travers (Chair): No, that is very helpful actually, as we are coming to the end of the afternoon, a very helpful, partly rousing, partly check on reality and partly rousing.

Alex Bax (Chief Executive, My Fair London): Just responding randomly to a few things people have said. On the question of whether if this is a zero sum game, that seems to me a strange kind of devolution because if the devolution is you can raise no more money, whoever you elect and whatever happens, it does not feel like very much devolution at all to me; we can just move the deckchairs around. Having said that, if there were ways to do more progressive district taxation and make better decisions about how resources are distributed between bits of the city, that is perhaps within the zero sum game but I would expect if we got

proper devolution our elected representatives would be able to make decisions to increase spending or to reduce it because that is what devolution presumably means, so I am wondering what we are pitching for.

Professor Tony Travers (Chair): I do not need to speak for Nicholas but I think the point he is making is we must not all get carried away, and he is right we must not get carried away with the idea that somehow we can all have more money out of the same starting point. On the other hand, to take your point about the deckchairs, we would get a nicer view of the sea perhaps, temporarily, given where that all began. Keep going.

Alex Bax (Chief Executive, My Fair London): Just a couple of other points, the question about section 106 that you raised. My personal view (not a My Fair London view) is the way we finance social infrastructure in the section 106 system is close to broken it seems to me. I am certainly aware of lots of schemes where a community facility has been delivered because the planners required it but there is no revenue and it just sits empty because it does not really work terribly well, and maybe that is another big question, complicated. The last thing I want to say is this question around the City tax base and people talk about international examples. We need to be careful as well and I am sure you have got your eye on this but some cities in America that have chased particular forms of taxation have become -- Atlantic City, for example, decided that casinos were a good way to create revenue. If the city is locked into a narrow tax base with lots of money from one particular source that is where city politicians will divert their attention and that is potentially quite risky.

Professor Tony Travers (Chair): On that latter point I do think that the need to make the governance work between City Hall and the boroughs and the fact that the boroughs are very powerful voices it is almost like a constitutional check. The chances of a British, or certainly London going for a one-way solution are vastly less than an American city simply because of all these different powerful voices having to move together, not always in a lowest common denominator way, so we are spared the risk of going into casinos, as it were, or at least only going into casinos.

Alex Bax (Chief Executive, My Fair London): I guess my final plea would be back to that progressive taxation point, the City needs more progressive taxation and less regressive taxation as a whole and we need to focus on that as a driving principle of your recommendations.

Michael Bell (Director, MBARC and Chairman of Croydon Health Services NHS Trust): I wanted to pick up on Bharat's point in particular but it was mixed in with some of the others and it was about the permissions that you get from devolution. You may use the permissions, you may not use the permissions but if you use the example of the little old lady living at home who wants to be able to stay at home. At present there are at least four different commissioners involved in keeping her at home: you have got NHS England that funds her GP; you have got the Clinical Commissioning Group (CCG) which funds her hospital or her district nurse service; you have got Social Services funding the care around her and you may have another part of the Council funding the voluntary sector organisation that goes and tacks down the carpet so she does not trip over. None of them talk to each other and

part of it is because decisions; NHS England determines nationally what their policies are and they commission against that. The CCG operating within the framework set by NHS England make their local decisions. Social Services make their decisions. The opportunity of devolution, particularly devolution at the borough level, I am sure Jules would say this if he was here, is that opportunity to really pull those issues together at a borough based level. Some of it is not about the lack of money; sexual violence in London, we spend £350m on that a year and the service is dreadful for victims of sexual violence. Why? It is actually because none of the bits of the service are commissioned around the individual, they are all commissioned in silos so we pay separately for the courts part, we pay separately for the police investigating, the pastoral support that victims need is paid from another budget or maybe several different budgets including third sector organisations like Trust for London. The opportunity that devolution provides is actually pulling those together and actually making those decisions as a whole system recognising the different responsibilities. That is how we will address the accountability deficit. At present who does that little old lady blame for the fact that she is not getting the support she needs? "Sorry, dear, not my fault. That is because the NHS England has not funded your GP service". You have that opportunity for accountability if you begin commissioning in pathways.

Professor Tony Travers (Chair): OK, very helpful thought too. Matthew.

Matthew Bolton (Deputy Director, Citizens UK): I do think we should go into this with an eye on best practice, both for the joined up working and for the devolution working well and probably looking elsewhere around the world for that is a good plan but I do not think we should go into it with a limited set of ambitions about what could be achievable and the amount of money or the kind of devolution that might be possible. The kind of question to go into it is what kind of a city do we want for our children. In terms of the governance of devolution, how it is achieved is going to play a major factor into then what kind of governance relationships are possible, and the accountability deficit is answered by an inclusive and collaborative process to try to get devolution. Who are the kind of bodies out there that can join together to organise a collaborative approach to get devolution? That then starts to set us up for a devolution deal that will bring about some of the joined up thinking and systems thinking rather than, as I say, the worst possible outcome of the backroom deals between a small number of people.

Zrinka Bralo (Migrants Organise): Can I just ask, in addition to looking at devolution from the financial taxation angle, is there anyone currently looking at it from other angles, like from the point of view of Londoner or from the point of view of services because it seems to me that what Matthew is suggesting is we need a to-do list and then we go and see where the money is going to come from. I am sorry to be this simple.

Professor Tony Travers (Chair): No, it is a very good question. I am going to be absolutely open about this. As a Commission, we are aware of the fact we are operating in what is a very centralised country and that to change that will not be easy. It would be very naïve and I think Nicholas' point earlier was about the -- none of us are naïve really but it is easy to get carried away with we can really get this done even though it is the right thing to do. In answer to your question I think we are trying to find the way of arguing, not only for

London to retain more of the taxes it already pays, with an off-setting reduction in grants so there will be in the short term London is not going to take money from the rest of the country or anything else; but with a view then potentially to growing the economy, growing the tax base, and by the way, if you can expand the tax base in one of a number of ways then more services being run by London in London with the decisions made in London but it is a sort of step-by-step process and we are trying to ensure that those steps can be taken without frankly frightening central government. Intriguingly I do not want to go too much into the psychology of central government at this late hour on a Friday, but although it is a very powerful centralised system I often feel that people inside it are slightly afraid of letting go. It is not that they are bad people, it is not that they do not want to do -- very few people who ever go into government and politics, in my view, do it other than to do good as they see it. The question is how can we convince them it is in their good that actually Londoners have more control, and I do not just mean London government, of what is delivered and provided in the city.

Pat Turnbull (London Tenants Federation): You mentioned casinos. At the moment boroughs all over London are busy allowing developers to build tower blocks of flats that most Londoners cannot afford to live in, in an attempt to cross-subsidise public services and so on. I do not, in principle, see any difference between that and building casinos. It is equally undesirable that London should be full of homes that people cannot actually afford to live in. The second point I wanted to make was you said that central Government is not in a position to build council houses. Well, that is their choice because the only time in history when we did have a big council house-building programme, it was central Government that took the decision and passed it down to the boroughs to do. I feel that that bit of history is something worth remembering and attempting to get back rather than just dismissing it as being something we could never, ever achieve again.

Professor Tony Travers (Chair): Again, you are historically correct though I would add a personal note that at the end of that central Government itself felt it had used some of the money in a way that did not turn out exactly as it had hoped.

Pat Turnbull (Housing Association Tenant Representative, London Tenants Federation): It is a great deal better than now, is it not?

Professor Tony Travers (Chair): Going back to the point I was making a moment ago, it slightly undermined their own self-confidence, that is what I think I am saying, so we have to remember that the corporate psychology of central Government looks powerful but actually in some ways is not quite as powerful and self-confident as it is easy to imagine it is. We need to stop, he said, taking the last word as ever. Is there anybody from our guests and witnesses who has not said something they would really like to say in half a minute?

Male Speaker: It is important that we make sure that these conversations are accessible to ordinary Londoners as well because to get Londoners on board they need to really appreciate what this is about. It is quite hard to really get to the crux of what this change would mean for Londoners so at some point they should be obviously given an opportunity to perhaps vote on

it but just to make sure the language is accessible and everyone can understand what is at stake and what would change and what would be better and what might be worse.

Professor Tony Travers (Chair): It is a big challenge - I think you are absolutely right. It is not my key strength but we are doing our best and it is very good of all of you, at least from our point of view, the Commission's point of view, a step, a portal in the right direction. Bharat.

Bharat Mehta: I just wanted to thank everyone. I will leave it to you to have the final word but I just wanted to thank everyone for coming. We invited, in effect, 20 organisations or so to try to get a balance. There was a comment that was made about the number of women; I was just counting the number of women invited and it was actually half the people invited. We expected a gender balance, it has not turned out in terms of attendance but we tried to be as inclusive as possible in the groups that we selected. Tony asked us for some advice and here we are. Thanks very much to all of you for coming but in terms of getting the debate going and discussion going, you are part of the vanguard in the sense of actually saying, "What does this all mean?" I do not think the Commission, in the timescale that we are talking about, can actually do the whole of London in that sense or the constituencies that you represent.

Professor Tony Travers (Chair): I agree with that obviously. He said narrowing what we have to do but I take the challenge, however, and I am not using this as a template and this is not suddenly a pitch for Scottish Nationalism but it is interesting that in the one part of the United Kingdom that has got furthest with creating democratic pressure for significant devolution, it is Scotland and that has produced a radical change in a way that even the Treasury could not resist; and that tells you something, so it can be done inside the UK. Citizens UK and other organisations here represented have also shown how it is possible to plug away at an idea, to make change by concentrating on one or two things. I am not saying you only do one or two things but, you know, taking an idea and pushing it in a non-political way to get a political outcome. I do think that is a very important lesson for us all to learn, or for me anyway, and a message to hear. We have run over a bit so I am sorry about that but it has been a really, really interesting and, from my point of view, hugely enriching afternoon. We will try to bear in mind, not only everything that has been said but the broader message that we need to get a campaign going because without politics and political, without public opinion, not much does change. With it, everything can change, so thank you all very, very much. Thank you for all your time, especially late in the week. If you have got anything else or any of your organisations know individuals or others who would like to send something into us, even if it is one line in an email, feel free to do so. Other than that, thank you all. There will be minutes and we will make sure you get them. Have a nice weekend, thank you very much.