

# MAYOR OF LONDON

**Gareth Bacon AM**

Chairman

Budget and Performance Committee

City Hall

The Queen's Walk

More London

London SE1 2AA

**Our ref:** MGLA190117-9804

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## **Response to Draft Consultation Budget – January 2017**

Thank you for your letter of 16 January. I set out below responses to the recommendations in your Committee's response to my Draft Consultation Budget.

### ***Recommendation 1***

*In the Mayor's draft consolidated budget:*

- *Savings and efficiencies must be presented on a consistent basis across the functional bodies. This should include MOPAC resetting its savings counter to zero.*
- *If cumulative figures are included, these must be clearly marked. Annual figures must also be included for transparency.*

Savings and efficiencies have been presented on a consistent basis across the functional bodies in my Consultation Budget and in the draft consolidated budget. The same consistent format will be used in my final draft consolidated budget.

Savings and efficiencies which have been identified are set out across the Group on an incremental basis (as indicated in the text above the table) in the first table in Appendix G of Part II of my Budget. The change in savings and efficiencies in 2017-18 compared to 2016-17 are set out for each member of the Group in the table in each section headed 'Changes in the council tax requirement'. 'Savings to be required' are set out in the objective and subjective analyses for each member of the Group on a cumulative basis. The second table in Appendix G of Part II of my Budget sets out 'Savings to be required' on cumulative basis across the Group (as indicated in the text above the table).

MOPAC does present its savings on an incremental and cumulative basis, as set out above. So, there is no need to reset "its savings counter to zero".

I would be happy to further underline in my Budget documentation where cumulative savings and efficiencies are used. As stated above incremental savings and efficiencies are already included in my Budget.

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My officers would be happy to further explain the treatment of savings and efficiencies in my Budget directly to Assembly Members and to your Scrutiny officers. I would also be happy to consider detailed suggestions about how you would like savings and efficiencies to be presented in future Budgets. We would need to conclude any such work before I issue my Budget Guidance in the summer.

## **Recommendation 2**

*In his draft consolidated budget, the Mayor should clearly set out where he has found £6.2 million to meet the difference between the provisional police settlement and the funding he will secure from raising the police precept element of council tax.*

As you will now be aware, my Budget Consultation Document and my draft consolidated budget both have proposed a greater level of support to MOPAC than the original proposal of £17.4m. I am allocating an additional £24.2m to MOPAC in 2017-18, as follows:

- £11.3 million from the police precept increase of 1.99%;
- £11.5 million from council tax buoyancy; and
- £1.4 million from retained business rates.

The £6.2 million was from council tax buoyancy but has now been superseded, as I have allocated a larger sum to MOPAC.

## **Recommendation 3**

*The draft consolidated budget should include a high-level breakdown of the annual savings and efficiencies contained in the TfL business plan, reaching £800 million a year by 2020-21.*

TfL's reply of 18 January to your letter of 4 January set out a high level breakdown of the annual savings and efficiencies contained in their Business Plan from 2017-18 to 2020-21.

## **Recommendation 4**

*TfL should publish a project-by-project list showing changes in capital investment from the previous business plan, with a narrative to explain the reasoning behind them, and the implications of these changes. TfL should commit to publishing this information alongside any future business plans.*

TfL's letter of 18 January set out a comparison of the March 2016 Budget and Business Plan Update to their December 2016 Business Plan. I would re-emphasise the caveats set out in this letter on this comparison. I am happy to commit to publishing this information alongside TfL's future business plans.

## **Recommendation 5**

*TfL should justify its forecast and assumptions for bus passengers as set out in its December 2016 business plan and set out the risks if these forecasts are not achieved.*

TfL's Business Plan assumes that ridership stabilises and then returns to overall growth, based on an improvement in bus speeds and background growth in demand caused by population and employment growth. This is based on improving bus reliability to tackle congestion by:

- reducing the time taken to clear up unplanned incidents;
- improving the efficiency of the road network;

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- communicating better with road users; and
- collaborating more efficiently with local authorities, utility companies and developers to reduce the impact of planned roadworks.

In order to bring about a recovery in bus speeds, TfL's Business Plan contains £133m for bus priority measures.

The risks if assumptions for bus passenger are not achieved will be closely monitored and reported, with remedial action proposed as appropriate.

## **Recommendation 6**

*The draft consolidated budget should use the OPDC's revised 2016-17 budget of £11.4 million, rather than its forecast outturn of £8.6 million.*

My Consultation Budget and my draft consolidated budget have provided both the revised budget and forecast outturn for OPDC. Comparing OPDC's forecast outturn for 2016-17 to its proposed base budget for 2017-18, excluding contingency, allows a meaningful comparison to be made as the 2016-17 Revised Budget includes a one-off sum of £6m from reserves. My final draft consolidated budget will also show this more meaningful comparison.

## **Recommendation 7**

*The OPDC should provide detail on plans for how it would use the Mayor's £1 million of contingency funding.*

I am holding a £2m contingency to support a 'self-funding' proposal to be developed by OPDC, to assist work by Homes for Londoners in bringing forward the wider development, in particular future proofing Old Oak South for development, and to enable the full implementation of the recommendations in my review of OPDC. I will decide on the usage of the contingency provision in response to the production of detailed plans.

## **Recommendation 8**

*The Mayor should urgently publish plans for the investigation into the London Stadium. This should include the terms of reference for the investigation, which should include a review of the terms of the Stadium lease agreement, and confirm his plans for publishing the outcome of the investigation.*

Details enclosed.

## **Recommendation 9**

*In his response to this report, the Mayor should set out:*

- *the funding he is providing for his environmental commitments*
  - *when key milestones will be published for achieving them*
  - *the proposed budget for the GLA's Development, Enterprise and Environment Directorate,*
- and provide clarity on how much funding will be allocated to environmental programmes.*

I have demonstrated my commitment to the environment by investing £0.8m in the current financial year, 2016-17, in an ambitious tree-planting programme. I am determined to continue to prioritise environmental initiatives over the coming years. With this in mind, the GLA budget identifies an additional £1.2 million for environment; this is over and above the base budget of £0.7m. In addition we have identified £1m over and above the base budget of £0.8m for work to improve the energy efficiency of buildings. This area of work is transferring from the Housing and

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Land Directorate to the Development, Enterprise and Environment (DEE) Directorate as part of the Energy for Londoners initiative. Capital funding is currently being identified to support my trees and green spaces programme and also the Energy for Londoners initiative. The finalised environment budget will include the funding the team has secured from third parties, including European funding. Full details of all income and expenditure planned for DEE for 2017-18 will be included in the detailed GLA budget which I shall sign off in March 2017

The forthcoming London Environment Strategy will set out all my relevant targets, including those around carbon, and the key milestones to achieve them. Key environment measures will also be reflected in the set of outcome targets the GLA is developing as a focus for performance management for 2017/18 and beyond.

Yours sincerely,



**Sadiq Khan**  
Mayor of London

Enc: Tender for investigation into the London Stadium.

Cc: David Bellamy, Chief of Staff  
Martin Clarke, Executive Director of Resources  
David Gallie, Assistant Director – Group Finance  
Peter Goss, Committee Services Manager