

**Budget and Performance Committee – 21 November 2014****Transcript of Item 6 – Draft GLA Budget 2015-16**

**John Biggs AM (Chairman):** The main item today is the draft Greater London Authority (GLA) budget and it is the first of our meaty budget meetings this year, my 34th year of chairing these meetings! Without further ado, perhaps we will just start the ball rolling with Sir Edward introducing the core GLA budget and giving us a bit of context. I suppose that has to include a little bit of context about how it relates to the rest of the group, but it is essentially today about the core GLA.

**Sir Edward Lister (Mayor's Chief of Staff):** Thank you, Chairman. I will start off and just explain that we did not do a project prioritisation exercise this year. That is because the business plan for the next two years is already set out in indicative budget programmes, but of course the 2015/16 budget is fairly clear because we know where we are and 2016/17 is much more remote. However, in preparing all this, we asked all directorates with one exception - the Assembly, which we did not approach for this - to produce savings of 2.5% on their budgets. Those savings have all come through and are part of the programme as such. We have one or two external organisations that are having difficulty with that 2.5% and so those discussions are still ongoing. The budget itself sets out the spending plan for the next two years. I re-emphasise that we do not have any detail from the Government about 2016/17 and we will not get any indication from it until the other side of the general election. That obviously gives us a problem and so anything in 2016/17 can only be regarded as an indicative estimate.

We focused in preparing the budget on making sure that we met the Mayor's commitments, particularly those that are important in the final year of his mayoralty. We also went through all the emerging pressures that are coming out as we go forward and took those into account in one way or another. In many cases, efficiencies were identified to deal with those pressures. All the officers and I here met on a pretty regular basis with advisors and Heads of Departments really from the end of September until relatively recently to ensure there was strategic direction, to go through each line of the budget with them, to encourage them on their 2.5% savings where they found it difficult, to give them assistance and to make sure that we had all the resources in place. These were then consolidated and put to the Mayor for review and that took place on 10 November 2014.

Because we did not do a prioritisation exercise this year, we are much more advanced than we have been in previous years because we have not needed to go quite to the same level. As with previous years, however, we cannot finalise things until after the Chancellor's Autumn Statement, which we are anticipating in the first week of December. Then, once we have that, we will then finalise things and bring them before you again early in the New Year.

**John Biggs AM (Chairman):** You have not done a full-scale project prioritisation and you advised us of that, but I am sure you have been doing some assessment as the projects progress. Can you tell us a bit more about projects which might be under risk?

**Sir Edward Lister (Mayor's Chief of Staff):** In general terms, in the year 2015/16 there are a number of projects that we are having to squeeze because of the budget pressures that are out there and indeed we have used the 2.5% that we have managed to pull through the system to either help with those or indeed give assistance to some new ideas which are out there and so there is a bit of flexibility there. In 2016/17 it is

much vaguer, I am afraid, and therefore we have, as I say, only put indicative ones in, but generally speaking we are not really in a position where we believe we are cutting any budgets. In most cases we believe we can keep all the programmes that we have, running to the timelines we had, as one or two things have come to their natural end, but generally speaking they are all there. We also have the issue that there is also a certain amount of underspend anyway within the various budgets that are out there and so we believe we can accommodate most things.

**John Biggs AM (Chairman):** I am looking to see whether it is elsewhere on the papers because we are fairly structured, but I do not think we are looking at the education and youth headings that were covered at the Assembly yesterday which are on our paperwork. Do you want to comment on the --

**Sir Edward Lister (Mayor's Chief of Staff):** Only in that as far as education and youth is concerned, most of it continues to roll through next year. It really is the following year that it becomes very, very cloudy and we do not know where we stand. That is the position we are in, but we have not finalised any of this and we will be coming back on it.

**John Biggs AM (Chairman):** Would you be happy to confirm then the headline, which is £22.6 million in the current year, down to £10.5 million next year and £2.3 million the year after that on your identified resources to date?

**Sir Edward Lister (Mayor's Chief of Staff):** If I may, I need notice on that question. Bear with me.

**John Biggs AM (Chairman):** I take *The Guardian* as the ultimate source of notice.

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** No, I do not think it can be the ultimate source of information.

**John Biggs AM (Chairman):** Anyway, carry on.

**Sir Edward Lister (Mayor's Chief of Staff):** I am not sure we can at the moment give you the answer you are looking for unless, Martin [Clarke], you can.

**John Biggs AM (Chairman):** Maybe we will come back to that a bit later on. We have a question later on towards the end on communities and intelligence and maybe you can cover it under that.

**Martin Clarke (Executive Director of Resources):** If you do not mind, Chairman, I just want to add one word to what Sir Edward has said. A very substantial element of the programme activity that has been carried forward on the education stuff has involved a £20 million income line from the Department for Education. We are spending that. It is programmed into the budget figures. Unless we get another £20 million, then inevitably we lose some of that income and that was reflected in what was being said yesterday.

**Sir Edward Lister (Mayor's Chief of Staff):** If I may, that is the piece that we will not get clarity on until the other side of the general election.

**John Biggs AM (Chairman):** have a couple of other little questions around this. I do not think shared services belongs elsewhere in our paperwork to date, but I have the dubious benefit of chairing the Audit Panel at which we recently received a report suggesting that shared services in the case of procurement are not quite

as good value as we had hoped they would be. Are you looking at areas like that and their performance in terms of your budget?

**Sir Edward Lister (Mayor's Chief of Staff):** Certainly, although we have not built in any savings from shared services in that way, but we are anticipating coming to you - I cannot remember at what date, but I think it is in December - Chairman, to actually talk about shared services in some detail. We have actually done an enormous amount of work on procurement and we will at that meeting be in a position to give you some very positive reports. Things have moved on and there are a number of new shared services which we have been able to get going as well. It is actually a very successful story which we will be reporting to you on but, as far as the budget is concerned, we have not built in any savings.

**John Biggs AM (Chairman):** I need to ask some questions about the London Legacy Development Corporation (LLDC) budget and council tax collection services. Shall I sweep those up and then we will call other Members in? The LLDC budget you are cutting by £1 million revenue support next year. Can you explain the background to that decision? The counterpoint to that is how you are going to help them fund the £36 million overspend on capital delivery.

**Sir Edward Lister (Mayor's Chief of Staff):** On the overspend in capital, that will be recovered as part of the overall capital programme for the LLDC. We have a very large number of sites which will be disposed of over the coming years. We believe that we will be able to take on board the additional costs of the stadium and be able to cover those costs by the increased land values which will be obtained and are already being obtained at the LLDC. We believe as far as capital is concerned that we will be able to balance that.

What we have taken out, though, is over £1 million of revenue which we believe is not now required. It was monies which were allocated for various things which are not now necessary and that has now been shown as a saving within our accounts.

**John Biggs AM (Chairman):** We might want a bit more information about what is not necessary. We can write about that outside the meeting.

**Martin Clarke (Executive Director of Resources):** In essence, it does reflect them going through their own efficiency budget review process, where they have come up with approximately 3% savings.

**John Biggs AM (Chairman):** There are other bits of the Assembly that might question what the scope of legacy should be and whether it is stretching as far as it could do. Obviously you could spend an infinite amount of money on an infinite number of legacies and there is a circular argument here about resources and what you want to spend them on. We do recall from previous budget meetings that LLDC had an underspend on its revenue in previous years in order to cushion it against the loss of revenues in subsequent years. Perhaps we could write to you again about that and get a bit of detail outside the meeting, unless you need to add anything now.

**Sir Edward Lister (Mayor's Chief of Staff):** Only that of course some of those underspends are on the things we have taken off them permanently now because we have now decided that they are not necessary or, rather, they decided they are not necessary.

**John Biggs AM (Chairman):** OK. On the capital, there is a circular argument here as well just in terms of understanding this and it might require a more detailed response, which is that although we may think that the Olympic legacy land belongs to the Olympics and to the LLDC, it actually belongs to City Hall and the capital

receipts come to City Hall. In saying that the capital receipts will help fund the £36 million overspend, you are pre-empting receipts and allocating those in advance to the LLDC to meet the shortfall. Is that the right analysis?

**Sir Edward Lister (Mayor's Chief of Staff):** That is fair, but I would argue that the receipts are up and the stadium is an integral part of the Olympic Park. It is one of the reasons that the Olympic Park is as attractive as it is. We do see it all as one.

**John Biggs AM (Chairman):** In terms of cleaning up my part of the question, then, the council tax collection surplus in previous years has been a happy windfall between our first and second budget stages, but this year you have taken £5.6 million of it and put it in your draft budget. We are either getting wiser or we are spending the money one-and-a-half times over. Go on.

**Martin Clarke (Executive Director of Resources):** As you say, in recent years at this stage we have not taken any estimate and it appears as a sort of windfall in the budget process. That is just due to the uncertain and volatile nature of this sort of income. In fact, in some years it has been a deficit.

**John Biggs AM (Chairman):** Are we clear that it is not so uncertain this year, then, and that we need more?

**Martin Clarke (Executive Director of Resources):** No. We are extra-cautious this time --

**John Biggs AM (Chairman):** You need it less?

**Martin Clarke (Executive Director of Resources):** -- than the last two years because there was uncertainty about what the impact of localisation of council tax benefit on the council tax base and collection would be. That is why we took it zero. Everyone just feels a bit more confident and so at this stage we have taken a proven estimate. We are much more assured at this stage than in the past two years.

**John Biggs AM (Chairman):** From past performance, we would expect two, three or three-and-a-half times as much as this in the end, but do we think we can cautiously pre-empt £5.6 million at this stage?

**Martin Clarke (Executive Director of Resources):** Yes. There are some things which I cannot really take into account. Last year was significantly higher than we expected. There seems to be a bit of correlation with electoral cycles. We will not know the figure until 31 January when we get the return, but that reflects a 0.5% return and we are using that at this stage.

**John Biggs AM (Chairman):** All right. Just very briefly - and I will shut up after this - their electoral cycles are not the same as ours and you are saying that they found more money as their elections were approaching and so they are less likely to find more money as our elections are approaching?

**Martin Clarke (Executive Director of Resources):** This is totally out of our control, but I am not saying it is the cause.

**John Biggs AM (Chairman):** I see a tacit nod from Sir Edward Lister.

**Martin Clarke (Executive Director of Resources):** I am not saying it is cause-and-effect but there seems to be a strong correlation of increased surpluses at certain times.

**John Biggs AM (Chairman):** They sort of look behind the sofa a bit more strenuously in election years than at other times.

**Gareth Bacon AM:** This is just really a quick question on the 2.5% target reduction across departments. How was that arrived at?

**Sir Edward Lister (Mayor's Chief of Staff):** It was arrived at in different departments by different means, but it is about looking at each --

**Gareth Bacon AM:** How did you come to the target? Was it sort of an arbitrary target?

**Sir Edward Lister (Mayor's Chief of Staff):** I am sorry. I apologise. It was a little bit of an arbitrary target. It was what was thought in discussions between ourselves to be a reasonable sum to obtain through efficiency without affecting the programmes too much and we felt that it is quite reasonable for managers to actually bear down to the point of getting 2.5% out of their budget headings. We think it is just a reasonable number.

**Gareth Bacon AM:** I am tempted to ask what would be an unreasonable number. Anything other than the numbers we are looking at, I suppose, but --

**John Biggs AM (Chairman):** I think 2.6% would be unreasonable.

**Gareth Bacon AM:** Indeed, maybe. I do not know.

**Sir Edward Lister (Mayor's Chief of Staff):** What we were not trying to do was say to them, "We want to cut your programmes". We were saying to them, "We want 2.5% savings by you just doing it better and by you taking out any spare cash that happens to be there or any contingencies and taking out things which you just do not need". At the same time, we were saying to them, "You also have to deal with your budget pressures", because a number of them had budget pressures which also had to be picked up. It was felt that overall that was reasonable. If we had gone much more than that, we would have been better off doing a prioritisation exercise on each of the lines and then we would have to make decisions about actually taking projects out completely. That is not where we were going.

**John Biggs AM (Chairman):** There is actually another tiny question that follows on from that. Normally, one would have a process of identifying growth bids. Your guidance has been that everyone should self-fund their growth bids, but that implies that there are not any big lumpy ones that need to be given more corporate attention.

**Sir Edward Lister (Mayor's Chief of Staff):** There are various ideas that various people had --

**John Biggs AM (Chairman):** This is not a time for ideas, then?

**Sir Edward Lister (Mayor's Chief of Staff):** -- but basically we are saying, "No, this is not a good time".

**John Biggs AM (Chairman):** Saying no? All right, OK.

**Martin Clarke (Executive Director of Resources):** However, there are a couple. You have seen Appendix 4. There is a list of --

**John Biggs AM (Chairman):** This implies that Members read the papers. Go on. Appendix 4 is --

**Martin Clarke (Executive Director of Resources):** -- proposals and funding pressures and you can see a summary of what has been funded from the savings programme.

**John Biggs AM (Chairman):** OK, but they are internally funded within the directorate?

**Stephen Knight AM:** Can I just ask a point of clarification?

**John Biggs AM (Chairman):** No, sorry.

**Martin Clarke (Executive Director of Resources):** Each directorate did not have to cover it, balance off.

**John Biggs AM (Chairman):** These are funded by?

**Sir Edward Lister (Mayor's Chief of Staff):** Take, for example, planning. Our income which we are obtaining quite significantly from pre-apps is up, which enables us to have a re-look at the staffing requirements because also there is a staffing pressure going on and to try to offset one against the other. Those are reflected in some of these things that are on the list in front of you. That is an example, but there are also various posts which were funded through programmes. Those programmes may be coming towards an end, but we do not want to get rid of the staff because there will be new programmes coming on that we want them to take on board. The trouble is an awful lot of our budget is so lumpy.

For example, this year we obtained £80 million of further education (FE) capital that we have to administer. We do not know what we are going to get next year in FE capital and that is unknown, but do we then get rid of all our staff? Then, lo and behold, the Government will come around and say, "You have some more FE capital". It is examples like that that make our budget difficult. We have tried to reflect all the staffing posts in here and tried to make sure that they are protected. In a way, some of those are budget pressures.

**John Biggs AM (Chairman):** Indeed, we have to manage the team here and so they will all at different times be able to account for the growth pressures within their budgets, I am sure. Stephen?

**Stephen Knight AM (Deputy Chair):** I just had a small point of clarification. The paper talks about 2.5% savings for 2015/16 and 2016/17. Is that 2.5% in each of those years or 2.5% across both of those years?

**Sir Edward Lister (Mayor's Chief of Staff):** No, 2.5% in each year.

**Stephen Knight AM (Deputy Chair):** Therefore, 5%?

**Sir Edward Lister (Mayor's Chief of Staff):** Yes, but if I may say of course that in some cases there is more money upfront. The actual percentage varies within any one year within any one project, but that was the target.

**Stephen Knight AM (Deputy Chair):** You are looking for 5% over two years, basically.

**John Biggs AM (Chairman):** Every question provokes another, which is of course if one looks at the London Fire and Emergency Planning Authority (LFEPA) budget, there is a guarantee to help fund any unmet pressures and so that would have to come from the core GLA in some shape or form.

**Martin Clarke (Executive Director of Resources):** Yes.

**John Biggs AM (Chairman):** You would deal with that, Mr Clarke, through reserves or contingencies or sacking people or what?

**Martin Clarke (Executive Director of Resources):** The central way of managing it is through the Mayor's Resilience Reserve and so, at the moment, yes, there is the Mayor's commitment to LFEPA but also the budget strategy is to give as much certainty as possible to all the other functional bodies like transport. When we get to Transport for London (TfL), we are saying, "You will get your business rates plus your retail price index (RPI)". We are guaranteeing the commitment that there will be no reduction in the council tax for any of the bodies. All that risk is being managed by the GLA and the Mayor's Resilience Reserve is the way that we manage that risk.

**John Biggs AM (Chairman):** OK. Then very, very finally, when Sir Edward made his introductory comments he talked about a number of outside bodies which were having difficulty meeting the 2.5% cut. They would include things like the museum, one assumes, and London & Partners?

**Sir Edward Lister (Mayor's Chief of Staff):** Correct. You have just named them.

**John Biggs AM (Chairman):** It is those two?

**Sir Edward Lister (Mayor's Chief of Staff):** Yes.

**John Biggs AM (Chairman):** Maybe you need to find additional funding to help them if they persuade the Mayor that they really cannot manage.

**Sir Edward Lister (Mayor's Chief of Staff):** Basically, yes, and that has to come out in the next few weeks as we finalise this.

**Gareth Bacon AM:** Mr Clarke, on business rates and the Business Rate Retention Scheme, we are into the second financial year, are we not? It is probably fair to say it is a mixed bag really in terms of how successful it has been for us, not least because of business rate appeals. What are the latest assumptions you have made about the level of business rate income for 2015/16?

**Martin Clarke (Executive Director of Resources):** I will go over the detail. After accounting for the tariff and levy payments we have to make, we are forecasting that the GLA will just have over £1 billion of retained business rates income next year, which will be a surplus of £38 million compared with baseline funding.

What is driving those figures? There is an RPI increase of 2.3% that just flows through from September RPI and at the moment we are assuming a 1% increase in volume growth in the tax base due to new developments. That is what is driving it going forward and that is why we are expecting and planning for increased resources in growth. In the medium term, we are expecting that growth to deal with covering the residual deficit we had of £80 million in the first year because, as you say, the mixed bag is in the first year. All of sudden borough forecasts, the level of appeals and so on meant that we got £80 million less than was in the Government baseline.

**Gareth Bacon AM:** Does that any have material impact on the delivery of projects and schemes at the GLA?

**Martin Clarke (Executive Director of Resources):** No, because at the moment the GLA had never budgeted across the group to use any of the growth until the growth happens, so we did not pre-empt the growth. With the size of the GLA's cash flow, we can manage that risk. That £80 million shortfall is, you could say, being managed by the treasury management function cash flow and then our forecast is come 2016/17 that initial deficit should be eliminated. However, we will then face a new challenge because in April next year there is another revaluation that will come into effect in 2017 and so we will have a new round of appeals risk to deal with.

**Gareth Bacon AM:** What assumptions do you make, then, about the level of business rate retention monies that we will get on an annual basis? I am assuming that it does feature in your calculations.

**Martin Clarke (Executive Director of Resources):** Yes. As I say, we have taken last year's figure and increased it by 2.3% - the statutory increase that happens due to inflation - and we are assuming a level of 1% growth. As I say, that generates a £38 million surplus but the first call on that surplus goes to repay the £80 million opening year deficit.

**Gareth Bacon AM:** In view of the uncertainty caused by business rates appeals, you have probably managed to assuage some of the concern around this. What is the GLA doing to try to make the business rate appeal process simpler and quicker?

**Martin Clarke (Executive Director of Resources):** The GLA and boroughs, to an extent, are not really involved in that process. It is handled by the Valuation Office. Just to say by way of preamble, the Government has set it a target to clear 95% of all appeals by next summer. There is evidence that that backlog is being cleared, but inevitably with this process, there is a worry that more complex cases affecting higher-value properties like Canary Wharf, the City and the West End are still to be tackled. Our officials are members of the government officer panels reviewing this, because the Government is also reviewing the administration of the business rate system including the appeals process and so we are getting involved there. That is at a more strategic level and then we engage very closely with what we call the borough revenue staff across the borough. They have their own network, which we are part of.

Just in the last week we have signed off a proposal to do a pilot with the London Borough of Hounslow to jointly fund with them some work which should lead to a significant upwards revision of their rating list. We are doing it as a pilot and if it is successful we will happily engage with other boroughs because part of the problem is that there are so many changes to the rating list. The rating list is always out of date. In working with revenue colleagues, we have looked at an area where we think it could be fruitful and we will use that as a pilot.

**Gareth Bacon AM:** As part of the research for putting the brief together for this Committee, we looked at the Autumn Statement of 2013, which came up with the 95% that you have just quoted. That related to all business rate retention schemes that were currently outstanding at appeal. That predates 2013/14 and three-quarters of those appeals that affect the GLA predate that time as well. The 95% is over a three-year period because by July 2015 they expect to have that 95% and so it has taken them three years to catch up on appeals and get them all processed and get the money allocated where it should be. The business rate valuation is every five years, is it not?

**Martin Clarke (Executive Director of Resources):** Yes, it is.



**Gareth Bacon AM:** There is going to be a constant state of catch-up, is there not?

**Martin Clarke (Executive Director of Resources):** Yes. As I say, as it happens, the Government deferred the revaluation that was meant to come into effect in 2015 for two years and so I am thinking we might have a two-year period of relative certainty. However, yes, as soon as the new valuation list comes in, I would expect that if London rateable values yet again increase relative to the rest of the country, London will face a much higher proportion of appeals. That is why it will be quite interesting what comes out of the Government review on whether changes should be made in how that appeals process is administered. In a way, if that is a feature of the system, which it is now, we are recognising that and we recognise it via budgeting and our accounting and we have established the Mayor's Resilience Reserve to manage these uncertainties.

**Gareth Bacon AM:** The Government is moving increasingly in a direction away from direct funding for all forms of local government and business rate retention is one of the alternatives to central Government support. Given the uncertainty and the state of flux that we have just been discussing, what kind of impact do you think that is going to have? I need to ask you about the GLA rather than local government, Whitehall, but does that not make budgeting intrinsically more difficult?

**Martin Clarke (Executive Director of Resources):** It does make it more difficult but on the evidence so far we are probably managing that because, as I say, we set aside reserves before the introduction of the new regime. With those reserves, as well as the GLA's treasury management function, we are managing the timing difference between the income and the appeals.

**Gareth Bacon AM:** Do you think that that is going to be possible going off into the longer term as we become more and more reliant on business rate retention?

**Martin Clarke (Executive Director of Resources):** Yes. You need to assess the risks and make appropriate provision and factor it into your long-term budget plans. Before the nationalisation of business rates, local authorities did manage the whole of the business rate tax base and so you just need to recognise you are in a more uncertain world and factor that into your long-term planning strategies.

**Gareth Bacon AM:** You are reasonably confident that it is going to work out OK?

**Martin Clarke (Executive Director of Resources):** Yes, we are going to have more volatility due to the appeals, but at a London-wide level for a lot of major employers in the locality, it is not going to have a significant impact on the Greater London tax base. For small authorities, if they lost a major employer, it could have a significant impact. In those circumstances, local authorities can pool and are encouraged to pool. Lots of parts of the country have set up business rates pools and the logic going forward, if Greater London got hold of 90% or more of its business rates, the answer is probably pooling across all authorities so that you can manage the regional local variations.

**Gareth Bacon AM:** That would open up an interesting line of enquiry because four London boroughs contribute 50% of the business rate retention across London. If we were to end up in a position where it gets pooled and it gets shared out, then of course there is going to have to be an appropriate body to do that and there are going to be all sorts of bun-fights over who gets what.

**Martin Clarke (Executive Director of Resources):** For the obvious things you have said, that is why when you say London should be pooled, in the early years Londoners decided not to pool because at the moment

people want to see how the system plays out and quite naturally some people will wonder would it be better for them locally if it did not participate.

**Gareth Bacon AM:** It would certainly be better for Westminster if they did not participate, not to mention Camden, the City of London and Hillingdon. Again, this is another subject we will have to keep an eye on as it develops.

**John Biggs AM (Chairman):** Gareth has progressed the questions in a very useful way. I have one tidy-up question, which is on our briefing note. We are told that the GLA expects to retain £70 million less than in 2013/14 and you in your comments said £80 million less. Can you be clear?

**Martin Clarke (Executive Director of Resources):** Sorry, I did not quite catch that.

**John Biggs AM (Chairman):** Let us see. We were assuming we are going to get £944 million in 2013/14, but we are expecting to retain £70 million less than this because of businesses appealing their business rates bill. However, you said £80 million. What is the figure? Is it £80 million rather than £70 million?

**Martin Clarke (Executive Director of Resources):** Yes, because the last change we had to make in finalising our accounts for the last financial year was when the City of London Corporation increased its provision for appeals and we had to increase it in our accounts, which we talked about at the last Audit Panel.

**John Biggs AM (Chairman):** They stuck another £10 million on that?

**Martin Clarke (Executive Director of Resources):** Another £10 million.

**John Biggs AM (Chairman):** That is interesting because it follows what Gareth [Bacon] was saying: we are very much subject to the whims or accounting changes of local authorities.

**Martin Clarke (Executive Director of Resources):** I would say another bit of good news is the revaluations. They do allow us to spread the cost of doing the pre-April 2013 appeals over five years. I would just say the net effect of that enables us to retain at least £4 million of rates each year because it reduces the level we have to pay to the Government which we have to pay as growth happens and so it is not all one way.

**John Biggs AM (Chairman):** Just to finish off this question, then, you talked about pooling as a possible way of smoothing out bumps in income between authorities. I do not like to describe this so crudely, but if I were a local council leader or indeed the Mayor of London, both of which are extremely unlikely, I would say being given control of business rates is a bit like being given a car but the Government keeps the steering wheel because you can collect it but you cannot actually direct it and so you do not have many levers. I would be fumbling around for ways in which I could smooth out the bumps or some greater degree of control without threatening business with increases or rejecting their appeals or whatever.

I would assume that the London treasurers, including you, are sitting down and looking at this. You talked about pooling and I assume there are other things you have looked at. I would be interested about those but not today and so perhaps we could write to you about how that might work because it would be quite helpful for all of us. There are related questions such as when a local authority gives a dispensation to a charity, either discretionary, or if it is mandatory then that is going to happen, but discretionary relief, or the instance of Brent saying they want to give a business rates holiday to people following particular employment practices, things like that, which might have an impact on us at City Hall.

**Martin Clarke (Executive Director of Resources):** It does because 20% of all business rates in London come to City Hall and so the exercise of the discretion, whether mandatory or otherwise, reduces.

**John Biggs AM (Chairman):** Absolutely.

**Martin Clarke (Executive Director of Resources):** The cost of that Brent policy will feed through to a reduction.

**John Biggs AM (Chairman):** The problem we have is that you are a world expert who understands these things and that they all sort of rub out in the end in different ways, but we do not really understand that and it would be useful to understand a little more. We will write to you outside the meeting.

Shall we move on to the even more exciting question about the enterprise panel and its work? Andrew Boff is leading this.

**Andrew Boff AM:** Can you tell me if the Government's insistence that the New Homes Bonus should be returned to the boroughs that raised it has had an impact on the London Enterprise Panel's (LEP) plans and how that has had an impact on the LEP's plans?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** I am happy to deal with it. That was one of our biggest risks when the Government decided to do what it was doing with the New Homes Bonus. However, over the summer particularly, we worked really closely with London Councils and all of the boroughs' representatives in one way or another and have co-designed a programme of projects where it has not been an issue. There have been some minor disagreements with a couple of boroughs about whether their bids actually fit their priorities, but we have actually come up with a programme for the whole £70 million that everyone agrees with and has now been endorsed by the LEP. That risk has gone away.

**Andrew Boff AM:** You have agreed a programme and I recognise that, but has that meant that the original aspirations for that funding have had to change as a result?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Far less than I would have expected, given the original decision. One of the aspirations is obviously that they meet their priorities around creating jobs and apprenticeships and they met our priorities around our high streets. They have substantially been met.

One of the issues that is still live for us is a concern that we are not using the New Homes Bonus in boroughs to fund projects that could be funded from a different fund. For example, for some of the employment and training projects coming forward, we still want to run those through the test of whether we can get European Social Fund funding matched by people like the Department for Work and Pensions and others so that we are not wasting the New Homes Bonus if we can get the money from somewhere else. That is a live process at the moment.

**Andrew Boff AM:** Could you summarise what we have lost as a result of not having full control of that New Homes Bonus?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Surprisingly little, but one of the issues for us was around getting boroughs to work together and there is still more scope

for that. Out of the £70 million, only £15 million of that amount represents projects that are working across borough boundaries and one of the aspirations we did have was to do a lot more of that. If the Government were to do this again, we would still strongly make the case that at the regional level we can really help that cross-borough working, but it is recognised by the boroughs themselves. Most of them have ambitions to get together as groups of boroughs and achieve more together and so we will just keep working on that.

**Andrew Boff AM:** You say there have been a few minor disagreements.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Very minor.

**Andrew Boff AM:** Has the need to get the boroughs on board resulted in a rushed programme?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** No. One of the things that was interesting is that lots of boroughs have schemes that they have thought about over the years but have not had funding to do. Whereas a lot of boroughs were taking the New Homes Bonus and simply throwing it into the general fund to use on general expenditure, the fact that they have to use it now on LEP priorities has enabled their regeneration and economic development teams to take these projects down and work them up for funding from this stream that was previously not available to them.

**Andrew Boff AM:** Would it be fair to say the result of this condition on the funding has been a few more smaller schemes and a few less large schemes?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** They were always going to be fairly small schemes anyway; that was our anticipation. We would have liked some more cross-boroughs and we would have liked some more large schemes, but to be honest it is a really good programme and I would be happy after the meeting to send the committee details on each borough and what their projects are. There is fascinating stuff coming out of it.

**Sir Edward Lister (Mayor's Chief of Staff):** May I jump in just to make one extra point, which is an important one? On the one hand, we were always rather disappointed with this, particularly with all the small print that was associated with the money in that we had to reach agreement with the individual boroughs and each individual borough had to get their share back and the various other things. We started off thinking this was all a bit pointless.

However, what it has done is it has actually forced the boroughs to use some of the New Homes Bonus money for the thing that the Chancellor actually wanted them to use all of it for, which was not go into the general fund but to use it for growth and enterprise in the borough. It has had, perversely, a very good outcome. The problem we have is what we are going to get next? because there is no indication that we will necessarily have our share of the New Homes Bonus again in the future budget. If we do not get it, then we have to ask the question: where is the LEP going to get any money?

**John Biggs AM (Chairman):** From the London Development Agency, obviously but, yes, go on. Carry on.

**Andrew Boff AM:** Does that explain why in your draft budget you still say that there is uncertainty with regard to the Olympic budget? With regard to the Further Education Capital Investment Fund, how will this assist directly? How will we be able to tie the bids for that fund down to improved skill levels in London?

**Sir Edward Lister (Mayor's Chief of Staff):** Can I just say a word on this before Fiona [Fletcher-Smith] jumps in? What I would say is this was quite an important one because it has now got us into the FE colleges. What is quite clear about the FE colleges is - how can I put this - that many of the bids we have had in have been very unambitious. It is a bit like, "There is a building boom and so everybody needs more bricklaying courses", rather than one college turning around and saying, "There is no college in London that trains crane drivers", for example, "We will become the crane-driving centre", or something imaginative and different. What we are getting by and large is lots of bricklayers' courses.

I am not saying we do not want bricklayers' courses, but you have to ask the question whether that is actually where you want the money to be spent and whether you can think a bit bigger than this. That is the challenge we now have as the GLA, which is a totally new role for us: trying to encourage the FE colleges to think in a different way and to try to bring forward new ideas in training.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** As Sir Edward [Lister] says, it is the first time that we have had access to detailed information about the FE estate particularly because this was held by the Department for Business, Innovation and Skills (BIS) and we could not get our hands on it.

For this year's £55 million fund, we have had bids to the value of £61 million, which is not as much as you would expect. You would usually expect double or triple that. We are going to run a second round of bidding. As Sir Edward says, some of them are fairly unambitious but necessary, roof repairs and that sort of thing. However, for example, Richmond College in partnership with Haymarket Publishing are doing an amazing transformation there that will involve developing a facility for digital publishing skills for the students, which directly links into Haymarket then as the biggest employer in that area. That has been one of the great focuses for us in saying that if you need this capital money, it is about linking the learning place to a job at the end of the day, rather than churning out hairdressers or media studies students. We all need hairdressers but there are not really enough jobs for them to get hold of and so we are linking what we are saying and what money we are giving to job outcomes in the end.

**Andrew Boff AM:** It sounds like that was a successful bid.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes. It is high so far.

**Andrew Boff AM:** It is high on the priority list?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** It is over the first hurdle.

**Andrew Boff AM:** Actually, there does not seem to have been a great deal bearing in mind the figures you say. Having £61 million bid for £55 million does not sound a lot. Why the lack of interest?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** It is the first time we have run this project and it is the first time it has been done like this. It is the first time we have gone to the FE sector to say, "We want you to be innovative. We want you to think about learners getting jobs at the end of it". We are also working with the college associations on that sort of culture change in their thinking. Without having any other levers on skills funding, this is the only thing we have. We are getting a lot

more interest now and we fully expect round two to be oversubscribed and to have far more innovative thinking from the colleges themselves. It was good for our first approach to the sector.

**Andrew Boff AM:** How are you going to measure the success of this?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** We will have an obvious one on learners, but the main one for us is going to be those learners into jobs as a direct result of this capital investment.

**Andrew Boff AM:** Do you have the current base figures at the moment so that you can make an assessment of how you have improved?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes. With round one, we are looking to add to the base, which I do not have in front of me at the moment, about 5,500 jobs more than you would normally have if we did not invest.

**Andrew Boff AM:** If you did not do the investment?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes.

**Andrew Boff AM:** OK. Thank you, Chairman.

**John Biggs AM (Chairman):** Just to finish that point on FE, from the sort of opportunity where the Government said, "Here is this capital money. You bid for it", the logical extension would be for City Hall to seek influence over wider decision-making and prioritisation of the FE colleges. Do you have an ambition to do that?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** What we have an ambition to do is to bring FE colleges together within the LEP so that it is not necessarily City Hall but it is businesses, local government and City Hall together doing this. For example, there could be some conversations about how they share and use their premises. As Sir Edward was saying, we have a proliferation of bricklaying courses, but we could maybe have a centre of excellence for crane-driving or whatever the modern method of construction is that we are not training people to do in London and get groups of colleges to come together to provide it on one site. It is about getting that conversation going and the business people in the LEP and the local authorities in the LEP have been particularly challenging of the FE sector.

**John Biggs AM (Chairman):** There could be other bits of the Assembly that would be interested in looking at that in terms of influence.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes.

**Gareth Bacon AM:** Going back to the New Homes Bonus and what Fiona has just told us about it, I cannot remember whether it was in this Committee or the Budget Monitoring Sub-Committee, Chairman, but there was a lot of doom and gloom in the room. I remember specifically it was Jeff [Jacobs] who was speaking about the £70 million going back to the boroughs or at least that we would not have the control over how it was spent. Then, from speaking to colleagues in the London boroughs, there was a bit of doom and gloom there as well because they felt they were not going to be able to control it and they were not really getting the money back after all and so nobody seemed to be happy. It is quite encouraging to hear that both sides seem

to be quite happy. I just accept Fiona's offer for her to write to us with all the details in all the boroughs. I would be very interested to see that.

**John Biggs AM (Chairman):** I would like to have a third-party measurement of borough happiness because the New Homes Bonus was meant to help cushion them against increased service demand - more school places or whatever - and if instead they are spending it on road services or sewers or whatever, then that is not for schools and so there might not be universal happiness.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** There was happiness from the Chair of the London Councils expressed at the LEP about how we have reached this agreement and the investment that is happening, but you are absolutely right that it was meant originally to cushion the effects of growth.

**John Biggs AM (Chairman):** We can perhaps ask them as well.

**Sir Edward Lister (Mayor's Chief of Staff):** Chairman, to be fair, it is 15% of the New Homes Bonus that comes to us and so it is a very small amount.

**John Biggs AM (Chairman):** In terms of understanding the whole picture, perhaps the majority of it goes into general funds.

**Tom Copley AM:** The view of certain boroughs, particularly those that are or that have been on grant floors and are now very hard-pushed, is that any new money coming into the borough that is then taken back in some way or controlled by somebody else they will resist or be unhappy about because they have to try to find a way of balancing their budgets. I am interested to see what schemes are coming through because, if it is advantageous to local boroughs, I am all for it.

**Sir Edward Lister (Mayor's Chief of Staff):** If I may, if the Secretary of State was sitting in here for the Department for Communities and Local Government (DCLG), he would actually be saying, "This money is supposed to be for enterprise and growth and jobs. It was not supposed to just be tipped into their accounts".

**Tom Copley AM:** With the greatest respect to the Secretary of State, he could do with getting a bit closer to his subjects occasionally.

**John Biggs AM (Chairman):** Of course he is a Liberal Democrat and so he would criticise the investment.

**Stephen Knight AM (Deputy Chair):** Fiona, this is probably directed at you. I wonder if you can tell us a bit more about the Old Oak Common Development Corporation and in particular what financial risks there might be to the GLA in terms of the budget on an ongoing basis. At the moment you have some seed funding essentially on the proposed mayoral corporation, but obviously there is an Assembly meeting in December to decide whether to endorse this. What might be the financial requirements of this corporation going forward?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** It is quite early stage at the moment and so the main requirement for the funding is around staffing and also around consultancy work. One of the biggest pieces of work that we are doing at the moment in preparation for the Mayoral Development Corporation (MDC), but the MDC will continue and is assessing the level of investment needed in the area. We are doing a development infrastructure financing study to work out how much money we need to put into the area to make development happen and so there is consultancy spend around that.

There are also obviously legal fees about setting the MDC up. There may be a need for a compulsory purchase order (CPO) and we may need to have a form of revolving investment on that, but balance that then against the staffing and balance it against the fees that the MDC will raise from planning applications in terms of fee income. Then, in terms of investment in the area, the MDC if approved will have the power to set its own Community Infrastructure Levy (CIL) and its own development contribution to the area. That is a live piece of work at the moment working out how much money the MDC will bring in against how much money it needs.

The biggest risk is really around the staffing and consultancy because if we do not have funding to carry out the CPOs in a back-to-back way with developers, we will not be able to proceed. There are also very live discussions with the Departments for Transport and Communities & Local Government about how High Speed 2 (HS2) will operate through the area and how we as the GLA and the MDC going forward relate to them and their funding going into the area. That is also a conversation with Network Rail, which owns a lot of land in the area, and with the landowners.

**Stephen Knight AM (Deputy Chair):** You are talking about CPOs and infrastructure and so on. It implies there might a requirement for large-scale capital investment in some areas.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** There may be.

**Stephen Knight AM (Deputy Chair):** I understand the intention is to raise the money through CIL payments, but given the timeframes for planning applications and raising CIL funding, presumably there may well be a time lag in terms of the ability to raise the capital and you might need to have some capital upfront, I suppose. Is that right?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** There might be, but it is very 'might' at the moment. We have some very active players in the market in Old Oak Common and on your visit you will have had some of this explained to you. Cargiant has its sites and Queens Park Rangers have aspirations for the area and so there are some major players who have investment money themselves.

What we are working out at the moment is whether there are some tipping-point investments that could be made to make things happen. For example, there are some bridges linking parts of some of the sites into Willesden Junction. Would that small-scale investment be the tipping point for any private money coming in so that we minimise public sector intervention?

**Stephen Knight AM (Deputy Chair):** It was certainly clear from our visit that Willesden Junction potentially needs to be rebuilt as a station.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes.

**Stephen Knight AM (Deputy Chair):** That is not going to be cheap and neither, as you say, is the bridge from there into the main site.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** That is exactly the piece of work that they did study and what the gap is for it.



**Stephen Knight AM (Deputy Chair):** In terms of the next two years' budget, which I suppose is what we are really here to talk about, you are confident that there is not going to be a requirement for more funding over and above the money that you have in the budget?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Not from the GLA.

**Stephen Knight AM (Deputy Chair):** OK, so you have £1.2 million in 2015/16, dropping to just under £400,000 the following year. Do you really think it is going to tail off at that point?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** We see considerable income coming in from pre-apps. Before the CIL is set, we will adopt the borough section 106 arrangements or CIL arrangements if they are in place so that there will be income coming in to cover that. In the first two years, we do not see anything above that at this stage and so our 'mights' are into the future.

**John Biggs AM (Chairman):** We went through this conversation with the LLDC and the fact that there is a sort of parent company/subsidiary relationship there. In terms of our pre-budget report, your answer is - as far as I understand these things - perfectly adequate that we will not be doing capital works in the next year. We would probably need to signal that the same sort of relationship might apply here. Certainly on our visit we were talking about a nine-figure sum of investment, probably £200 million or £300 million, in order to get the sites ready. If that is funded by the private sector, it is fine, but in the end if the development corporation is underwritten by City Hall, then there may be liabilities which come back to City Hall. We need to register that and whoever is planning the MDC needs to be clear that that is unfinished business and needs to be sorted out before the thing can really work.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** This is a different sort of an MDC to the LLDC. We do not own land in the area. It is really about working with the existing landowners.

**John Biggs AM (Chairman):** Yes, OK. Thank you very much. That is helpful. That goes on the record of the meeting.

**Stephen Knight AM (Deputy Chair):** Can I move on then to apprenticeships? We know that the Mayor has a target of 250,000 over a four-year period up to 2015/16. We are told that only 75,000 had started halfway through that four-year period and I understand that in terms of your performance monitoring this target is now at amber. Clearly, there are some key concerns about whether or not the 250,000 target is going to be achieved.

In last year's budget - I think as a result of some pressure from the Assembly, actually - the Mayor found an extra £1 million. My question is: how are you getting on spending that extra £1 million and, indeed, how is the programme progressing? What more is going to be needed to hit the 250,000 target in the time you have left?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** The figure I have for the end of quarter 2 is 95,000 in the current term, but you are absolutely right. We are forecasting this target at amber at the moment. We have the Mayor's extra money. We also have money coming in from the LEP and we have been very successful in the Growth Deal for London that the LEP negotiated in getting

the Government to take over the funding of the age grant. We had an increased it as an experiment from £1,500 to £3,000 per apprentice and the Government is now covering those costs for London.

The thing for us in London is that we need to stimulate demand from employers and that is where all our energies are focused, really, at the moment. There is a small amount of funding going into Apprentice Ambassadors, who will work with FE, colleges and schools because we have also found that career guidance - which is a whole different topic - is not fantastic and really is not encouraging enough students into apprenticeships. We will put our efforts into that demand-stimulator from employers, particularly the small and medium-sized enterprise (SME) sector, which is so huge in London. We have successfully worked with the Government to try to reduce the amount of paperwork that the average SME employer has to fill in to get an apprentice.

We will keep running our campaigns through all of our networks and keep hammering home the idea that an apprentice is a good thing to have and that we will hold hands and help them with the process. However, it is going to be difficult.

**Stephen Knight AM (Deputy Chair):** By the sounds of it, you are to some extent following some of the priorities set or highlighted in the Assembly's recent report on this subject and of course career guidance was one of our key recommendations. There is clearly a gap now in terms of career guidance for young people into apprenticeships.

I am interested in what you said in terms of stimulating demand from employers. The focus is increasingly on SMEs, which, in your words, are particularly important in London. Of course, London's economy, unlike the rest of the UK's, is dominated by a smaller number of large employers. In fact, we are the only region in the UK where most private-sector jobs are with large employers, not SMEs. Why in particular in London are SMEs a target?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** In London, the large employers are easier to get at. The SMEs are not and that is the issue for us. There are two outcomes. There is an apprenticeship for a young person or not so young in some cases. There is also the scope for expansion in SMEs if they have the resource to be able to do it. There are two reasons for targeting the SMEs.

**Stephen Knight AM (Deputy Chair):** Do you think there is some low-hanging fruit?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** It is not that low-hanging and that is the problem because they are difficult to get to. Often, there are certain cultural issues about getting to some of the SMEs sectors and we need to work hard at it. With the easy employers, we can have a conversation with the Chief Executive of British Telecom very easily and get to them, but having these conversations with people on, say, London Road in Croydon is a bit more difficult.

**Stephen Knight AM (Deputy Chair):** Given the dominance of the larger employers in London, some of whom are not pulling their weight in terms of apprenticeships, perhaps the Mayor can use his influence there.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes, he does.

**Stephen Knight AM (Deputy Chair):** Overall, how confident are you that this package of measures is going to start delivering and get that target off amber by the end of --

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** The target will remain amber for, I would say, the rest of this year at least. It is very early to say whether our investment is working and we may need to take stock, say in June/July time, about whether the investment we have put in is working and whether there is other remedial action we need to do on this target and we --

**Stephen Knight AM (Deputy Chair):** Presumably, as we get to the end of the four-year period, it basically has to go either green or red. It cannot stay amber. Which way is it flickering towards at the moment? Is it amber flickering red in your mind or amber flickering green?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** It is sort of in the middle, really.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** It is simply flickering amber.

**Stephen Knight AM (Deputy Chair):** It is sort of in the middle? All right. I will move on.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** That is why it is rated amber: because it is flickering amber.

**Stephen Knight AM (Deputy Chair):** Thank you. I am going to move on to London & Partners now, which is another big part of your directorate's budget. It is receiving £11.4 million and I think the intention is to give it the same amount next year and, indeed, a little bit less the following year.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** We are suggesting, as Sir Edward [Lister] said at the beginning, we are suggesting applying the same rigour of a 2.5% saving also to London & Partners.

**Stephen Knight AM (Deputy Chair):** They are not necessarily suggesting they are able to do that, I understand.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** They are not necessarily suggesting they are able to do that. We want to test that.

**John Biggs AM (Chairman):** There are some generous people from China there. No, I did not say that. Anyway. Yes?

**Stephen Knight AM (Deputy Chair):** One of the constant concerns from our perspective is the lack of transparency and openness around London & Partners and their budget processes and how they spend their money. Clearly, given that we put in three-quarters of their operating budget, it is important that there is a certain amount of transparency and openness and we can scrutinise that we are getting value for money. Leaving aside all the stuff around standards and probity, at least we need to know we are getting value for money. How are you able to determine that you are getting proper value for money from them?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** If we start at the beginning of the process, they have to produce a business plan for the GLA and it comes to our internal meeting. It sets out what they are going to spend their money on and we check that against the mayoral

priorities, the Economic Development Strategy and LEP priorities. We make sure that they are in line with our business plans because we are the bulk of their funding. Their private-sector income is very small in comparison to what we give them. We test that with them and that is a fairly rigorous process that ends up in an internal meeting with us and it is a process that goes on all year.

Then we check on what they are doing on a quarterly basis and that is reported to Sir Edward [Lister] as the Chief of Staff here. He has to be reassured by us that they are meeting the targets they set around foreign direct investment (FDI), around jobs supported and around businesses supported and we make sure that they do that.

On the transparency point, it is a good question to ask and I am sure that London & Partners would be more than happy to come along to possibly the Economic or Regeneration Committees and to explain what they do and how their budgets work. Also, in our follow-up letter I have a breakdown of their budget that will explain what the broad headings of their expenditure are.

**Stephen Knight AM (Deputy Chair):** As I hinted, we have been frustrated as a Committee here in scrutinising this part of the budget, partly because we get very little detail and what we do get is very late in the process --

**John Biggs AM (Chairman):** Indeed after the process.

**Stephen Knight AM (Deputy Chair):** -- or after the process is complete in some cases.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** I am sorry about that. I can supply a breakdown of their budget heads, which are actually remarkably clear because it will explain what they spend on leisure, tourism, events --

**John Biggs AM (Chairman):** The GLA is corporately signed up to the principle of greater transparency and I suppose, naïvely or otherwise, I had assumed that since we are their overwhelming majority funders, they should feel comfortable complying with that. They are a quasi-subsidary, are they not?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** I cannot comment on what they feel comfortable with, but what I can supply you with is the information that we hold about their budget.

**Stephen Knight AM (Deputy Chair):** At the moment, they refuse to reply to freedom of information requests. Obviously, as a private company, they do not have to --

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** They do not have to.

**Stephen Knight AM (Deputy Chair):** -- but they are nonetheless, as you say, predominantly publicly funded. Presumably, we could make it a condition of their funding that they operate in a way that a body that is predominately publicly funded might be expected to operate. We might expect them to publish details of gifts and hospitalities --

**John Biggs AM (Chairman):** Remuneration.

**Stephen Knight AM (Deputy Chair):** -- a register of interests of directors, remuneration of directors, full openness --

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** We can certainly have that conversation.

**Stephen Knight AM (Deputy Chair):** -- on their budget and what they spend their money on and indeed to answer freedom of information requests. Is it possible that we could build these kinds of requirements into the funding agreement?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** It is possible and we will definitely have a look at what is to stop us doing that. I cannot think of anything off the top of my head, but I have spoken to them and they are more than happy to come to a scrutiny meeting.

**Stephen Knight AM (Deputy Chair):** Can you guarantee that we are going to get this year a detailed breakdown of their proposed budget to look at?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes, we can give you that in the follow-up letter.

**John Biggs AM (Chairman):** We have a joyous Christmas present in that they are coming to us before Christmas.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Are they? Fantastic.

**John Biggs AM (Chairman):** I am sure they would be happy to bring their budget with them.

**Stephen Knight AM (Deputy Chair):** I hope in advance, actually, of the meeting we will get a chance to see it. We are too often getting information during meetings rather than before meetings.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** I am happy to share what I have.

**Stephen Knight AM (Deputy Chair):** Finally, I would like to move on to the London Waste and Recycling Board (LWARB). This is a body which has been receiving a grant of £1.5 million, which I think represents three-quarters of its budget. This has been money coming from the Department for Food, Environment & Rural Affairs (Defra), actually, which is due to end, sadly.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes.

**Stephen Knight AM (Deputy Chair):** Does this mean that the LWARB is going to shrivel up and die? What are your plans for its future?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Quite the opposite. It is really more about what the board's plans for its future are. It was always the intention that this funding would taper off and that is exactly what is happening. The London Waste and Recycling Board is the first example of a revolving investment fund that the GLA has been involved with and it has been very

successful. LWARB has assured us and we have satisfied ourselves that it has sufficient money to have its operational costs covered and to continue investing in the pipeline of investment opportunities that they has.

**Stephen Knight AM (Deputy Chair):** It is comfortable going from three-quarters of its budget coming as grant funding to none of its budget coming as grant funding and it can carry on as before?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** That is how it was set up. It was always the intention that it would be self-funding.

**Stephen Knight AM (Deputy Chair):** Within the space of a year?

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes.

**Stephen Knight AM (Deputy Chair):** We had better look forward to hearing from them as to how they are delivering that. Good.

**John Biggs AM (Chairman):** Mr Clarke, you can predict the question, which is: do we have to sit behind them with any sort of guarantees, then? In our relationship to them, they are a separate company, although they are fulfilling a public purpose which when it suits us we say is very important and --

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** It is very important.

**John Biggs AM (Chairman):** -- yes, which I think is very important. We might, without any legal liabilities, we might feel that if their business plan did not succeed, we would still have to sit behind them and make sure that what they were doing happens. There are tacit nods from the --

**Stephen Knight AM (Deputy Chair):** It is sort of inevitable if their business plan failed and I guess that is why it is important that you have a tight grip on them. They may say they are able to cope, but we need to have confidence that they can cope because, if they do not cope, presumably there will be moral and political pressure for the Mayor to step in and ensure this public service does not fail.

**Martin Clarke (Executive Director of Resources):** I have not received any requests or any pleadings.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** No, none at all. Quite the opposite.

**Stephen Knight AM (Deputy Chair):** They are offering you money? That would be the opposite.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Seriously, they have been in discussions with us about linking some of the LEP funds with their pipeline. Therefore, for any bids the LEP is getting that fit their priorities, they can help with investments that the LEP cannot make. In effect, they are offering us money.

**John Biggs AM (Chairman):** I am sure that other parts of the Assembly can scrutinise that, but we are aware that revolving funds tend to have bits that do not revolve as well as other bits within them.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Yes. That is managed in a portfolio approach.

**John Biggs AM (Chairman):** All right. Shall we move on? We will move on to the happy area of housing. We can also allow you, Ms Fletcher-Smith, to leave if you want to now. You are very welcome to stay. I am sure there are a few places you would rather be than here, anyway.

**Fiona Fletcher-Smith (Executive Director of Development, Enterprise & Environment):** Thank you.

**Darren Johnson AM:** We did explore some of this in the Housing Committee recently. To begin with, David, how many GLA affordable home completions will there be in 2015/16?

**David Lunts (Executive Director of Housing & Land):** It is difficult to be clear at the moment, but it is certainly going to be a much lower level of completions in 2015/16 than this year. This year is going to be a record year because we have a back-loaded programme. We effectively start the new 2015-18 programme with the new funding that was allocated a little earlier this year in 2015/16 and that means that we are going to have again probably a back-loaded programme because of the stop-start nature of the funding. At the moment, we are profiling something in the region of 4,000 to 5,000 homes completed next year.

**Darren Johnson AM:** The table shows that almost 18,000 completions are needed in 2014/15. Since we had only just over 2,000 in the middle part of 2014, it is a big jump, isn't it, in terms of completions?

**David Lunts (Executive Director of Housing & Land):** Yes. We always knew there was going to be an awful lot of work to do in the final quarter of 2014/15. It was always a back-loaded programme. We have managed it very carefully and very closely.

**Darren Johnson AM:** Is that on track? There are at least 14,000 to get completed by the end of --

**David Lunts (Executive Director of Housing & Land):** Yes. There is a tremendous amount to do and, indeed, it is not just the back-loading into the final quarter but a very substantial proportion of that is back-loaded actually into the last month. March is going to be a hugely challenging month for everybody.

It is not entirely without precedent. A few years ago, we had not dissimilar amounts of the programme loaded into the last month or two and we track every individual provider and every individual scheme. We have already stripped out and substituted schemes to make sure that everything that is loaded in for a 31 March completion is a legitimate completion and can be delivered. I am not going to pretend that it is not without risk. It is our top priority at the moment to manage that very tightly, but we think it is deliverable.

**Darren Johnson AM:** What would you say the chances are of delivering that? How confident are you feeling?

**David Lunts (Executive Director of Housing & Land):** It is amber risk-rated at the moment, which implies that it is certainly not risk-free.

**Darren Johnson AM:** Fifty-fifty?

**David Lunts (Executive Director of Housing & Land):** No, I am not going to call a number on it. We are not without some familiarity with these kinds of very back-ended programme delivery targets. In recent years, we have always met them. Therefore, I am confident that we can do it again.

**Darren Johnson AM:** All right. How would you assess the risk to providers' interests in the 2015-18 allocation round?

**David Lunts (Executive Director of Housing & Land):** To be honest, I would say it is mixed. The environment which they are operating in, as you well know, is very different from the way that they have operated traditionally. There is a much lower level of grant. There is more uncertainty for them in a number of different ways, not least that many of them are now relying on cross-subsidies from sales programmes, and there are concerns in some organisations about the extent of the private money they are borrowing in terms of lending covenants and all the rest of it. Therefore, I would not deny that the terms of trade, if you like, have changed radically. Typically now, we are offering grant rates that are about a third of what they were three or four years ago and that is obviously going to influence the views that partners take.

**Darren Johnson AM:** There is less money up for grabs, but also some housing associations have expressed concerns about the Affordable Rent Model as well. There is less money up for grabs and then they are obliged to charge higher rents. We heard from Affinity Sutton Housing Association that they bid for fewer homes in this programme because they do not feel it will meet the needs of the tenants on the waiting list.

**David Lunts (Executive Director of Housing & Land):** Yes. That is obviously a very well-rehearsed and understood concern from some in the sector. As you know, we have made some amendments to the way that affordable rent operates in London to deal with some of those concerns by introducing a system of capped rents and discounted rents. There is a much more explicit regime now that suppresses some rents at levels that are not inconsistent with social rents and others at levels that are not inconsistent with intermediate rents to try to make it much clearer how that issue is to be managed.

What I would say is that if one wants to draw some encouragement from the current position, we had roughly £1 billion to allocate in the new 2015-18 programme. We have allocated over half of that and we also have a whole number of other programmes that are helping to deliver our targets at the moment. If you look at where we currently are in terms of a programme that runs through to 2018, we have allocated around 70% of the funding and that is allocated against something like 86% of the targets that we need to meet. That is actually a relatively buoyant position if you compare that to where we were in 2011 at the beginning of the last programme, which was a four-year programme. We have actually allocated more money to more targets than we had at the beginning of the last four year-programme even though this is only a three-year programme.

Therefore, we are in a relatively strong position, but that is notwithstanding the fact that I would not deny that because the grant levels are so much lower and there are other concerns in the marketplace, we are going to have to work quite hard to make sure that we get the rest of that funding allocated to --

**Darren Johnson AM:** What about the flow of funding? You did previously say that you would aim to allocate the funding in one tranche, but you have not gone down that route.

**David Lunts (Executive Director of Housing & Land):** We have allocated quite a lot of it, as I say. We have allocated money to the mainstream programme. We have allocated money to a new revolving fund. We have allocated money to the new London Housing Bank and we have allocated, as you know, £200 million to housing zones. It is true that we still have about £380 million left to allocate and that will be done through



what we call 'continuous market engagement', which is the usual way that we have a reserve pot of money that --

**Darren Johnson AM:** It will not be a single tranche now? It will just be going out as and when through engagement, then?

**David Lunts (Executive Director of Housing & Land):** Yes. We will be opening up for what we call Continuous Market Engagement (CME) bids very shortly. That is one way we will do it. The other way that we will do it is that we are talking very specifically on a bespoke basis to some of our leading partners that we know have more ambition about how we might be able to collaborate with them so that they can draw funding down to deliver their additional ambitions. We have something like 6,200 completions that we need to allocate through that process in order to meet our final targets through to 2018.

**Darren Johnson AM:** One of the big concerns about the 2011-15 programme was the delays in getting the contracts signed with delivery partners. How will you ensure that this does not happen again for the 2015-18 programme?

**David Lunts (Executive Director of Housing & Land):** Again, one of the problems we had when we began the 2011-15 programme was that of course it was a radical departure from the way that programmes had operated before with the affordable rent product. It did take a while to settle down. We got the money out in the end and we are confident we can deliver the targets we have just discussed. We have learned a lot from that programme --

**Darren Johnson AM:** You are saying it was teething problems with a new system rather than something endemic? You are not expecting to see a repeat of the delays?

**David Lunts (Executive Director of Housing & Land):** I certainly hope not. We have now introduced new standard contract documentation. We have a very efficient operation that is working well with Trowers & Hamblins, who are the leading housing lawyers. They do a lot of the detailed work for us. We have only fairly recently made allocations. Of the 54 providers we have made allocations to, 30% are currently in contract and another 30% have their contracts ready to sign. We have another 30% on top of that still to get sorted out, but those issues are all due to be resolved over the next month or so.

**Darren Johnson AM:** A big topic at the last Housing Committee meeting that we had, ably led by Andrew [Boff AM], was on larger social homes. What proportion of homes do you expect to have four or more bedrooms in the 2015-18 programme?

**David Lunts (Executive Director of Housing & Land):** As you probably know, we have introduced a target for three-bed-plus homes of 36% against what we are calling the discount rent programme. We do not have a larger homes target for the capped rent programme, partly to deal with some of the concerns around additional units needing to be provided to deal with the spare room subsidy issue. At the moment in our allocations against that 36% target, we have 25% of allocations. We know that if we are going to pull it from 25% up to 36%, there is quite a lot of work to do.

Within what we call the indicative programme that providers have given us - in other words, units that they are committed to building but that are not yet identified as firm schemes because they perhaps do not have a planning consent and in some cases they may not even have a land interest yet - we know that there are another 1,000 homes which are shown as three-bed-plus. We are working very hard to try to firm those up

and see how much further we can get to close that gap between the 25% and the 36%. However, this is not just a major priority; it is a major challenge because --

**Darren Johnson AM:** I know it is a major challenge. However, given the difficulties, do you think there is a case now for reviewing the way that targets are set and whether you need different categories or whether you need to look at something the Assembly previously recommended, which was that you have a number of bedrooms-based target approach rather than simply a number of units-based approach? Given the challenges and given how important this is, do you think the time has come to actually look again at how we measure this and how we incentivise it?

**David Lunts (Executive Director of Housing & Land):** That is a perfectly valid debate. Do we go to a bed spaces or people housed target rather than a unit target? At the moment, as you know, we have the unit target with the breakdown that we are discussing in terms of subcategories and targets for larger units. I am not suggesting for a moment that we have given up on this target, but we will get some learning from it to see whether it is a sustainable target or whether we need to make some adjustments. You have made one suggestion.

It is perfectly possible, of course, to get additional larger units if you are willing to put additional subsidy in, but obviously the economics of that at a time when public grant is so scarce are very difficult because the trade-offs are obvious. You need very much higher grant levels in most cases to get larger units in sub-market conditions. It is just the economic environment that's proved that.

**Darren Johnson AM:** We need to be producing the sorts of units that reflect genuine need and demand. If there are problems in the way that targets are set and delivered, we do need to go back and look again.

**David Lunts (Executive Director of Housing & Land):** Yes.

**Darren Johnson AM:** You will commit at some point to reviewing how this is done if it continues to be such a problem area?

**David Lunts (Executive Director of Housing & Land):** Yes. What I would say is that if we have targets to deliver, whether it is overall numeric targets or sub-targets for larger homes or a split between intermediate and affordable rent, and if we struggle to meet those targets, then clearly we will want to understand the reasons for that. There would inevitably, I guess, be policy options available as a consequence.

**Darren Johnson AM:** OK. Thank you. A final question: how will the London Housing Bank help to boost the supply of affordable housing in London?

**David Lunts (Executive Director of Housing & Land):** The idea behind the London Housing Bank is in some ways quite a simple one, but it is perhaps just worth summarising it very quickly. The idea is that this is money we allocate to builders and providers not on a grant basis but on the basis that that investment comes back to us over a period of time. The deal is that there is a sub-market rent, typically 80% of market rent, and that that sub-market rent product is then in some distance - seven or ten years' time - either sold or refinanced and we get our money back. That is the way it works.

Why will it accelerate house-building and deliver more affordable homes? Firstly, because it is explicitly an intermediate rent product. In other words, this is not designed primarily to meet traditional housing waiting lists which we will do through our main programme and it is not competing with that. It makes it very

appealing for housing associations and providers because they know there is a very big intermediate demand for housing. Thirdly, it means that because the money comes back and we can revolve it, we can not only get that initial chunk of new housing built but over time, when that money comes back, we can use it again and it is a very efficient way to use public money to drive supply.

We think it has a particular locus on large multiphase sites where development is often constrained just by the sheer amount of units you can sell at any one particular time in the marketplace. This is obviously not a for-sale product and we think that, again, it can help to boost numbers on larger schemes.

**Darren Johnson AM:** What are the key risks, would you say?

**David Lunts (Executive Director of Housing & Land):** The key risk is twofold, really. One is because it is a new product. Are there enough players out there who understand it well enough and are willing to engage with it? Everything new comes with a risk. We will find out soon enough.

**Darren Johnson AM:** There is the risk of unintended consequences sometimes.

**David Lunts (Executive Director of Housing & Land):** Yes, I guess so. Maybe that leads me to the second risk, which is whether the calculations have been done correctly and whether we will get our money back. We have spent a lot of time doing the modelling and we think it is a robust and rigorous business model. What is more, we will not be investing in fly-by-night operations. We will only be investing our money --

**John Biggs AM (Chairman):** You traditionally do? Is that what you are saying?

**David Lunts (Executive Director of Housing & Land):** I do not recall those words leaving my lips, John.

**Darren Johnson AM:** I think that was yesterday's debate, Chairman.

**John Biggs AM (Chairman):** OK. Sorry.

**David Lunts (Executive Director of Housing & Land):** This money is aimed primarily, obviously, at regulated social landlords who have double-A or triple-A ratings. In some cases, we will be willing to allocate it to private builders but only where there is a registered regulated housing association taking the management of those intermediate homes. We think that we have a pretty strong position to de-risk this.

**Darren Johnson AM:** Thank you.

**Andrew Boff AM:** In the targets in the appendix for the draft GLA budget on page 21 in Appendix 6, there is a 'number of council homes made decent' target and the achievement of that target has been amazingly accurate. You have it down to the last one. How did you achieve that target so precisely and not have 17,375 or 17,373?

**David Lunts (Executive Director of Housing & Land):** We have individual contracts with the Decent Homes boroughs and we do not allocate the funding or sign the contracts until we are satisfied that those programmes are deliverable. I have to say that the boroughs concerned that we have been dealing with over the last few years - and we have just made allocations to deal with the final forward funding for Decent Homes for the next two years - have managed this programme extremely well. We are actually over target. Decent

Homes has been a big success story in the last few years and there is no reason why we should not assume that that can be done, unlike new build, of course, where you've got all the --

**Andrew Boff AM:** Yes, but it is not that you have not achieved it. I just wondered why it is reported on the nail as the target, which seems coincidental.

**David Lunts (Executive Director of Housing & Land):** If the whole of our business here was doing Decent Homes, I would be a much happier man, Andrew, because Decent Homes is very easy to be precise about. Those units exist and you are putting in the new boilers --

**Andrew Boff AM:** Look. If we are judging you on targets and performance, that is fine. We have to have confidence in the figures and how those figures are being reported. It sounds suspicious. When you look at all the other targets in that list, some may have done a few more and some perhaps have done a few less. This is absolutely dead on. It makes me ask the question whether or not that is being reported correctly. That is what I am getting to with this target. I cannot trust a figure ... perhaps I can.

**John Biggs AM (Chairman):** You could trust it if it was not the same figure?

**Andrew Boff AM:** If it was not the same figure, I would trust it more, yes.

**John Biggs AM (Chairman):** We should ask people to under-report?

**Andrew Boff AM:** I am just suspicious of how you have collated that performance to come up with exactly the right figure that was your target. That is what I ... does it just derive from the contracts?

**John Biggs AM (Chairman):** I think Joseph Stalin [20th-century Soviet leader] would have been proud of you, by the way.

**David Lunts (Executive Director of Housing & Land):** Sorry?

**John Biggs AM (Chairman):** Joseph Stalin would have been very proud of Mr Lunts. The exact cement quota for this month has been achieved.

**David Lunts (Executive Director of Housing & Land):** The targets are derived from the contracts and the contracts are the programmes that the individual boroughs submit. If the London Borough of - I do not know - Lewisham says it will do X next year, it is part of our target figure. At the end of the day, when we look back, it may be that that has moved a bit because they have done things more quickly or a little bit more slowly, but in terms of a target as to what is derived from the contracts.

**Andrew Boff AM:** What you are reporting on here is just the contracts that have been signed off rather than the Decent Homes delivered? Do you understand where I am coming from on this? I am probably not explaining myself very well.

**David Lunts (Executive Director of Housing & Land):** It depends whether we are talking about --

**Joanne McCartney AM:** I understand.

**Andrew Boff AM:** I am not explaining myself well.

**Gareth Bacon AM:** If you set a target of ten, it is a fairly small target and hitting ten in a year is fine. The higher that target gets, the less likely you are to hit it with absolute precision. To hit a target of 17,374 bang on does raise a question either about the target or about how things are being measured in terms of whether or not you have done it. I can see where Andrew is coming from on this. I did not quite get it initially but now I can because the target is so large. To hit it right dead centre on the bull's-eye makes you think: is there a bit of due diligence needed here?

**John Biggs AM (Chairman):** Is it just a coincidence or a performance?

**David Lunts (Executive Director of Housing & Land):** I understand. In other words, it is a reconciliation of the target with the performance.

**Joanne McCartney AM:** It is too perfect.

**Gareth Bacon AM:** It is too perfect.

**Andrew Boff AM:** You had a target of that and a year later we look back on it and, goodness, actually, we have 17,374 homes that are now decent that were not decent before. That was the target. Did we exactly get the right number of homes made decent in that period? I just do not understand how you can have a figure.

**John Biggs AM (Chairman):** It is a very powerful question.

**Andrew Boff AM:** Sorry I am labouring it.

**John Biggs AM (Chairman):** No, you are right. This is a question that will not go away.

**Andrew Boff AM:** No, I am going to stop because perhaps I should pursue this outside.

**David Lunts (Executive Director of Housing & Land):** I completely understand the point now. I am sorry I did not understand it before.

**Andrew Boff AM:** Sorry, it was my fault.

**David Lunts (Executive Director of Housing & Land):** I will get back to you, Andrew, on whether this is an example of an obscenely accurate figure or a genuine error.

**Andrew Boff AM:** I want to trust it.

**John Biggs AM (Chairman):** Yes. That is a very valid question.

**Andrew Boff AM:** Thank you. I am sorry about that.

**John Biggs AM (Chairman):** I do not know if it fits in our pre-budget report. It is the same with tons of carbon dioxide (CO<sub>2</sub>) saved as a result of the Mayor's energy supply. It is exactly 4,712 tons. It is interesting. Would you trust a telephone company that said 99.843% of its customers are happy rather than one that said 100% of its customers are happy? Anyway, it is an after-dinner conversation and I suspect you probably would be more inclined to trust the first than the second.

**Joanne McCartney AM:** I do not think you would get either of them in London, though, at the minute.

**John Biggs AM (Chairman):** No. I have one question just to tidy up, which is about affordability. I know the Housing Committee goes to town on this. There are many different versions of 'affordability'. In my mind, a new one has been introduced, which is the affordable property at 80% of market rate, which may cease to exist sometime in the future, at which point it no longer exists. What target do they count against? That is really, again, another technical question which needs to be looked at later. I have felt for some time that if we are looking at affordable targets and achievements, we need to categorise them against the levels of sub-market or whatever it is. I am sure you can provide those figures if we ask, but I imagine the Housing Committee will be far more interested in them than we are.

Shall we move on? You can go now, if you want, by the way. We will move to our annual joust with Mr Walden. Welcome to our Committee. Joanne McCartney is going to tear you limb-from-limb at this point.

**Will Walden (Director of Communications & External Affairs):** Excellent.

**Joanne McCartney AM:** I have some constructive questions, Will.

**Will Walden (Director of Communications & External Affairs):** To start with.

**Joanne McCartney AM:** I am aware that the Budget Sub-Committee is looking in detail at the New Year's Eve ticketing next month and I do not want to go into that. However, I want to know that following the decision to introduce ticketing for New Year's Eve, are there any other events that the GLA plans to charge for and introduce ticketing for?

**Will Walden (Director of Communications & External Affairs):** The simple answer is no. The caveat: if for some unexplained reason hundreds of thousands of people decided to descend on some of the many events that we either completely fund or partially fund, we would need to look again. That is not going to happen because it has not happened in the past. New Year's Eve is a one-off and the decision has been taken quite simply on safety grounds. It was becoming too unmanageable. What we are seeking to do on New Year's Eve is make the user experience better and ultimately to reduce the numbers.

We faced a challenge last year to the point where the British Transport Police after 2012 said to us that if it happened again in terms of the crushing and crowding on the walking route, particularly after the event, they would take the decision to close Waterloo Station on the night. With the potential for chaos that would ensue as a result of that with people unable to get home and people stuck on the walking route, we introduced a larger walking route in consultation with local residents - but much to their annoyance - which helped contain the problem last year.

However, we still had more numbers last year than we did in 2012 and purely on safety grounds we had to find a way to manage the event better from a safety perspective with a view to over the long-term seeking to reduce the numbers coming to the event. Obviously, it can be watched on BBC 1 from the safety of home. We are not seeking to keep people out of London. There are many other New Year's Eve events. However, it was becoming so unmanageable also to the point where the vast majority of people were having a fairly miserable experience when travelling to, coming away from and viewing the event itself.

**John Biggs AM (Chairman):** It was not like that under the previous Mayor, by the way. Anyway, carry on.

**Joanne McCartney AM:** I know there will be further questions about that in December. Perhaps, Chairman, I could just ask you also to look at the security and extra transport costs. They will undoubtedly be trying to turn people away and that could be an issue that you are going to have.

Can I move on to the GLA website, something we have picked up with you before? Last time you were in front of us, you indicated that you thought the cost of the new website would be about £2 million. I cannot see that figure or any figure in the budget. Is that still the --

**Will Walden (Director of Communications & External Affairs):** Yes. I can tell you that the total approved budget for the website is £1.6 million, of which £500,000 is allocated within 2015/16, which is the last development stage before the launch. If you like, I can quickly take you through what the plan is for this year.

There are two pieces in terms of money missing from that. We are currently in negotiation with the LEP and the Mayor's Office for Policing and Crime (MOPAC) about their contribution. We understand and estimate that that will be roughly £200,000, which would take it to £1.8 million. In addition, the only growth area I have across the whole directorate next year that has been approved is £225,000 for the marketing budget for the new website, which will allow us, we estimate, to reach between 40% and 50% of Londoners in terms of the marketing around the launch.

**Andrew Boff AM:** Was that 40% to 50%?

**Will Walden (Director of Communications & External Affairs):** Yes, so I am reliably assured by my team.

**Joanne McCartney AM:** Can I just go back initially to the public costs? You said it is a two-year programme. Presumably, we are well into that.

**Will Walden (Director of Communications & External Affairs):** Yes.

**Joanne McCartney AM:** What can we expect and when can we expect it to be launched and what will it look like to start with?

**Will Walden (Director of Communications & External Affairs):** To answer the last question first, we will launch the full public site as the replacement for the current site - ie full migration - in the autumn of 2015. Going backwards, we have tested the alpha site internally and we moved the Housing and Land content to it. We have had regular meetings with policy areas, with officers and indeed with you. I have presented it at the Bureau of Leaders. From January, we intend to present more regularly to you to give you more updated progress.

What we are going to do in terms of the beta site, which is the next stage of migration, is that that beta testing site will be available internally for everybody from early spring. I am looking at March. That will become a public beta site to work alongside the current site from June to July and, again, then the full migration to the new site in the autumn of next year.

**Joanne McCartney AM:** OK. Will the current site be archived?

**Will Walden (Director of Communications & External Affairs):** Yes.

**Joanne McCartney AM:** It will be available still?

**Will Walden (Director of Communications & External Affairs):** Archive discussions are still continuing, but at the moment the proposal is to have -- I am sure you will appreciate the sheer volume of data. This is supposed to be a user interface, as we have all discussed previously, for Londoners. One of the things we simply do not want to do is clog up the functionality of that by having huge amounts of archive and huge amounts of data.

Therefore, we will archive and we have discussed the idea of two mayoral terms. The idea will be that in 2020, for example, you would have Mayor Johnson's final term and whoever the new Mayor is currently on the site, but Mayor Livingstone's two terms and Mayor Johnson's first term would be archived but fully accessible and then --

**Joanne McCartney AM:** And searchable?

**Will Walden (Director of Communications & External Affairs):** And searchable, absolutely. There will be a widget that will take you to --

**Joanne McCartney AM:** One of the problems we heard about the Engage archive was that you could not search it.

**Will Walden (Director of Communications & External Affairs):** No, we can do that. It will be fully searchable with full transparency. It will be just taken off the main frame to aid functionality.

**Joanne McCartney AM:** OK. That is helpful. Thank you for that. At one stage, I know MOPAC wanted its own website.

**Will Walden (Director of Communications & External Affairs):** That is not going to happen.

**Joanne McCartney AM:** Is that a policy decision? You are smiling at that.

**Will Walden (Director of Communications & External Affairs):** Speak to the Chief of Staff.

**Joanne McCartney AM:** A policy decision has been taken that all functional bodies or all bodies --

**Sir Edward Lister (Mayor's Chief of Staff):** It is shared services. It is not going to happen.

**Joanne McCartney AM:** Will that be the case for any other functions that come to the Mayor in the future in any devolution debate we have? It will be?

**Sir Edward Lister (Mayor's Chief of Staff):** Yes. It is envisaged that this will be the website and that the only reason we would have anything else is if there was a specific requirement for something separate but it would be linked into this. At the moment, we do not foresee that. We cannot envisage something.

**Will Walden (Director of Communications & External Affairs):** Part of the discussion around MOPAC was again on the volume of data and we are working with them. I think they accept the premise that they will be within the website and we are having discussions about the volume of their data and what they will be able



to publish in line with what we have had with everyone else. Everyone understands that obviously functionality is key and those discussions are going well. I envisage no further problems there in terms of integration.

**Joanne McCartney AM:** Fine. Then, on the marketing budget, can you just outline briefly how you are going to spend that and over what period?

**Will Walden (Director of Communications & External Affairs):** Sure. That will coincide with the public beta launch in June and July and will go right through to the autumn launch. It will focus on particular features of the new website to increase awareness. It will not be a glamorous launch fronted by the Mayor and the Assembly which just says, "We have a fantastic website", because that will do one thing: it will drive people on that day. We need to keep them --

**Joanne McCartney AM:** It might drive people away as well.

**Will Walden (Director of Communications & External Affairs):** It might drive people away. It will keep people engaged briefly. What we need to do is to be able to say, "These are the things that we are doing as an authority and as an Assembly. There is new content. This is how you can see it". It is about driving people to the piece around the new website over a period of time. We will obviously take advantage of the TfL inventory - Tube posters, *Metro* advertising, digital advertising, TfL's website - and we will also be looking at a digital advertising campaign, paid search and a social media campaign that is ongoing.

If you like, once we have finished the process of a more detailed spec on how we will market, I am very happy to share that with you. I obviously take the point that £1.6 million or £1.8 million is a lot of money and it would be remiss not to market that correctly going forward.

**Joanne McCartney AM:** Can I ask about the success criteria for the new website?

**Will Walden (Director of Communications & External Affairs):** Sure.

**Joanne McCartney AM:** When you were before us last time, you stated that you want to improve significantly from the 138,000 hits the current site gets.

**Will Walden (Director of Communications & External Affairs):** Yes. I think I was very clear that I was not going to give you a figure.

**Joanne McCartney AM:** You are not going to give us a figure. Secondly, what are the criteria you are going to use?

**Will Walden (Director of Communications & External Affairs):** We want to run a user satisfaction survey. I discussed it with the team. They talked about running that once a year. In the initial stages, I would want to probably try to run that twice a year if possible. We will use Google Analytics to track the numbers of visitors, the frequency of the visits and where they are coming from. We will monitor how frequently the content on london.gov.uk is shared through social media. We are also able to measure the number of visitors signing up and receiving personalised updates and stories from the website. Over time, we would expect, clearly, to see those numbers increase.

What I have said to you in the past is that what we want to do is to make it a more user-friendly experience for everybody and to grow it will take time. However, the points is that the revamps we have had previously have focused very inwardly on what this building does in terms of the stakeholders talking to each other. My aim is to make it a much more user-friendly experience so that people are engaged and driven to it in terms of what we do. I will take you all through from January - and I think some of you have already seen them at the Bureau of Leaders - some of the plans in terms of not just functionality but the look and feel of the website. It is a very, very different beast going forward.

**Joanne McCartney AM:** Will you be able to produce in time reports for us as to where users are actually going within the website --

**Will Walden (Director of Communications & External Affairs):** Yes, absolutely. The analytics will track that as to who is using what and why. Obviously, we will review on an ongoing basis and adjust accordingly.

**Joanne McCartney AM:** I have one final question but I think someone else wanted to come in on the website.

**Stephen Knight AM (Deputy Chair):** Yes. Just on the website, we have talked about a shared website across the group. Obviously, that is not necessarily appropriate, but it strikes me that central Government has saved billions by insourcing a lot of information technology (IT) expertise around its web presence. Across the group, we have huge teams in TfL and in the police particularly around their website provision. There must be an opportunity for a shared service in terms of website development and some of the technical expertise that we currently buy in from the market at some cost. Are you in negotiations or talking to colleagues in TfL or the police?

**Will Walden (Director of Communications & External Affairs):** I have already done. It is a separate point. We are obviously not seeking, as I am sure we discussed in the past, the amalgamation of websites, but the expertise is there. During this process, one thing I had to do was correctly ascertain - and it could only really be done from outside - the user experience by using outside companies in the initial phase for research rather than development to find out what people wanted and why.

Since then, we have had careful engagement with my web team under my Assistant Director (AD), Emma Strain, and we had numerous meetings with TfL and the police about their technical stuff and functionality in terms of what we can learn from them. We will take that experience going forward. Once it is done and as we develop further technically and functionality-wise, I will see less reason to go outside.

**Stephen Knight AM (Deputy Chair):** The question is, as you develop it in the future, will you be seeking to use experts within the TfL team or the police to provide that technical expertise rather than procuring it from --

**Will Walden (Director of Communications & External Affairs):** We already do. If you are asking if that is a shared service that will see the diminution of my team, no. However, the expertise that they provide we already lean on and will continue very much to do so.

**Andrew Boff AM:** Can I just come in on that? I am not quite sure what that question resulted in. The creation of bigger teams as a result of shared services runs the risk of destroying innovation.

**Will Walden (Director of Communications & External Affairs):** I am not creating a bigger team. We are sharing knowledge across the GLA family.

**Andrew Boff AM:** Sharing knowledge across GLA, but not creating one team to deal with web?

**Will Walden (Director of Communications & External Affairs):** No. The difference in london.gov.uk and TfL's and the police's websites means that it would be something very difficult to achieve under one team. The whole point of having the team here is that it is in this building and is able to liaise with policy areas and with the Assembly directly. The idea of subsuming that into one covering all is not something we have planned.

**Andrew Boff AM:** Good. Thank you.

**Stephen Knight AM (Deputy Chair):** The question was more about the technical expertise when you want to develop new functionalities.

**Will Walden (Director of Communications & External Affairs):** Yes, absolutely.

**Stephen Knight AM (Deputy Chair):** At the moment we are going out to private providers for that, but across the group obviously we are of a scale where that kind of expertise could be in-house, whether it be within TfL or the police. The question is really whether we are going to ensure that we share that expertise across the group rather than have to go out and buy it from Serco or Ernst & Young or whoever.

**Will Walden (Director of Communications & External Affairs):** There is liaison and it will continue to improve.

**John Biggs AM (Chairman):** Can you provide us with all the information in your possession on this issue? This is me just winding you up, by the way.

**Will Walden (Director of Communications & External Affairs):** I do not have any exact targets and so I hope you would be pleased.

**Joanne McCartney AM:** I just have final question. One of your key performance indicators in the business plan is to reply to correspondence within 20 days and you have a 90% target. In the last reporting, you were at 84%, although I think that has recently improved. What did you do to improve that and what further improvements are you planning to make?

**Will Walden (Director of Communications & External Affairs):** The target is 90%. We receive about 100,000 pieces of correspondence, excluding phone calls, and there is more work to do and I know Ed [Lister] wants to say something on this as well.

Part of the issue is that particularly in recent months we have faced an escalation in the amount of correspondence directly related to London topics that are of concern to people and that really require detailed answers that either involve other functional bodies or require input from the Mayor's Office. I will give you some examples. The Lee Rigby memorial had a huge amount of correspondence and obviously involved lots of agencies: the local council, the police, the family, the Army, the GLA and the Department for Culture, Media & Sport (DCMS). The Scottish referendum and devolution issues, the Islamic State of Iraq and Syria (ISIS) in particular and the growth of terrorism and extremism, the UK Independence Party (UKIP) and Ebola are all --

**Joanne McCartney AM:** They are all great dangers.

**Darren Johnson AM:** They are the same, really, if you put them together.

**Will Walden (Director of Communications & External Affairs):** As a result, frankly, there has been an issue in terms of gathering all that information within the required time. What we have done is that Paul Igbokwe, who runs my public liaison team, and the Mayor's private office on the eighth floor and policy areas have met. One of the things we are going to do to try to improve the situation further is that currently the Public Liaison Unit (PLU) escalates from officer level, for example, to managerial level after eight days and we are going to cut out the middle if it is to an officer or manager after five days. If it has not been answered after eight days, we are asking the PLU to escalate that to AD or Director level to try to improve the flow coming in. Ed wants to say a few words on that.

**Sir Edward Lister (Mayor's Chief of Staff):** It is only that I am rushing to defend the eighth floor at this point. I am afraid that what quite often happens is that these letters get bounced around the building and then at the very last minute get sent up, not always perhaps with enough work being put into them.

**Joanne McCartney AM:** It looks like it is going to increase as well.

**Sir Edward Lister (Mayor's Chief of Staff):** Then we have to rewrite them or send them back down for rewriting and this all adds time. It is a little bit about discipline all the way through with everybody and speeding up. That is the message. I do not want you to think that because the people at the end seem to take the longest. It is not quite like that. We have all experienced this difficulty about the need sometimes to redraft things or to sort something out if we feel it has not been answered properly. It is about just a toughening up on the discipline. In fact, I am going through with one of the guys later today some good examples which I shall be sending to various ADs.

**Will Walden (Director of Communications & External Affairs):** There is also one other thing to point out. What we currently do in the interests of transparency if there is a complicated request is that we keep it open and that obviously affects the numbers and brings them down. There is a case, you could argue, for replying to what you know about the issue immediately and then saying, "We will come back to you further", and we will investigate that. However, there is a question as to whether that simply exacerbates the problem because it duplicates the issue. That is one of the reasons that the figures might be lower than expected. In the most complicated cases, we do not reply until we are sure of the full information. We do not send a rejoinder that says, "Thanks for your inquiry. We will get back to you as soon as possible". It is kept open until it is closed.

**Joanne McCartney AM:** I suppose London always has these big events that will cause peaks in certain issues. What has been particularly different this time?

**Will Walden (Director of Communications & External Affairs):** It is the numbers of correspondence and the particular concerns and the complexity of those particular concerns, as I mentioned to you, Ebola and ISIS in particular and those issues. What else did I have on my list? The referendum and devolution obviously raised questions about devolved issues in London and particular issues with the Scottish referendum and that slowed things down as well.

**Sir Edward Lister (Mayor's Chief of Staff):** If I may just jump in, after today I am sure probably another rush of letters about UKIP will come flying through the door.

**Will Walden (Director of Communications & External Affairs):** It is not just on the basis of me mentioning it, I presume.

**Darren Johnson AM:** If you mention something, it becomes an issue? Brilliant.

**Sir Edward Lister (Mayor's Chief of Staff):** We are slightly at the whim of external factors here.

**Andrew Boff AM:** A while ago we had a problem with MOPAC correspondence. Are we seeing an overhang in that performance in 2013/14 or has that long since been resolved?

**Sir Edward Lister (Mayor's Chief of Staff):** It has been resolved. I am not sure. It probably does affect the statistics. It probably is in there as a factor.

**Andrew Boff AM:** We know that is a factor.

**Sir Edward Lister (Mayor's Chief of Staff):** It is not an ongoing issue today, but it was.

**John Biggs AM (Chairman):** It does raise another question about the website. If you are getting lots of Ebola letters, you could put a page on the website that says whatever about Ebola and London.

**Will Walden (Director of Communications & External Affairs):** Yes. I take your point and we could, but that in itself would require updating because, as you know, that situation itself is fluid.

**John Biggs AM (Chairman):** OK. I was just trying to make life easier for you.

**Will Walden (Director of Communications & External Affairs):** That was very helpful. Thank you. I will take it away.

**Joanne McCartney AM:** Very constructive, John.

**John Biggs AM (Chairman):** I am always constructive, sometimes in a convoluted way. Yes. Go on.

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** My response to that is that if it stops people writing in, great, but it does not necessarily do that. I have had discussions about this in the last week or so with the team to try to improve this. Having worked in a Government department and been on the end of this inside a Government department and having worked here, there is a marked difference with the correspondence here because the range of stuff that is coming into this building - taking some of the examples that Will [Walden] used - as compared to what tends to be the individual department's set of responsibilities is quite markedly different. We are getting all sorts of stuff.

**John Biggs AM (Chairman):** We have an executive Mayor, whereas Cabinet Ministers may think they are executives but they are not really, are they?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** It is just that people tend to respect what the department is responsible for. They do not tend to respect necessarily. They just expect an executive Mayor to be able to answer --

**Will Walden (Director of Communications & External Affairs):** Just to illustrate that point, the Scottish Government - which has roughly comparable size of population of 6 million to our 8 million - receives a roughly quarter of the correspondence that we deal with here at the GLA.

**John Biggs AM (Chairman):** It is something to do with the climate, maybe. That was an irrelevant comment.

**Andrew Boff AM:** They have considerably more powers.

**John Biggs AM (Chairman):** That is interesting. It might vary from mayor to mayor as well, I suspect. My suggestion was you should employ someone a bit like the Assembly has apparently employed to stop me asking questions at Mayor's Question Time. He says, "This is not an appropriate question".

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** We have tried that and it did not work.

**John Biggs AM (Chairman):** I am sure we would not be that rude to members of the public. Shall we let you go, Mr Walden?

**Will Walden (Director of Communications & External Affairs):** Great. Thank you very much, everyone.

**John Biggs AM (Chairman):** Thanks for dropping in. We will see you again another time. We will move on to our final question, which is for me. It is on communities and intelligence and it is to you, Mr Jacobs, I believe. There are three chunks to this.

The first is the London Health Commission, which the Mayor - recklessly or otherwise - accepted as a very good report, but amongst its implications are that the GLA will personally convene and chair a group to prepare a unified delivery plan and there may be other resource implications. What are the next steps and what costs will there be to City Hall?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** The next steps, in simple terms, are that the Mayor has to and has said in answer to a Mayor's Question that he will give a formal response to the report and we are targeting January for that, if we can achieve it. That in turn is influenced by responses that we will want to see from collating views inside this building, which is going on now, and from some of the obvious partners in some of this like Public Health England, the London National Health Service (NHS) and London Councils. Indeed, the Mayor has been discussing aspects of the Health Commission Report with London Councils earlier this morning at a London Councils executive meeting and in particular the questions that are raised about, for example, him appointing a London Health Commissioner. That is a strategic political management recommendation and issues about how to exercise democratic control over the follow-up to the report and about the recommendation you have identified, which is that he pulls everybody together at the end and produces a delivery plan. We are trying to work through those various recommendations. I will be doing some more work at officer level.

The funding implications follow, really, from what I have just said. It is a bit too early to say what they are. The Health Commissioner could carry a potential substantial funding implication, but the recommendation from the commission was that Public Health England should transfer its staff to work alongside the GLA Health Team on the one hand and the Secretary of State for Health should transfer a substantial budget from Public Health England to support a London Health Commissioner. We do not know but we have a fair idea what the view is about that. I would say that the Mayor having heard some of the views - and, as I said before, we need to consult Public Health England as well about this - will undoubtedly want to hear what people say about the technical end of that before reaching a conclusion. That, as I say, could affect funding.

There is a London Health Board, which is in place now. We see it and London Councils do and the Mayor chairs that. There is a continued role in terms of follow-up on the various recommendations that are relevant. That may have some limited funding application in servicing the board and/or doing whatever research work might be needed.

Of course, were we not to get any Public Health England money, there would be a question about what programmes the Mayor wants to run from here. To some extent, we are providing some limited funding in our budgets at the moment. For example, we are trying to get employers to take on the Healthy Workplace Charter, which we have here. On tackling obesity, we have put some money in the budget which we have been spending so far and carrying on more of that kind of relatively small-scale activity. If we build that up, we will need a substantial budget and that is not currently provided for in the budget proposals that are before you.

**John Biggs AM (Chairman):** OK. That is a pretty comprehensive reply.

**Stephen Knight AM (Deputy Chair):** Clearly, a lot of the recommendations in Lord Darzi's [Chair, London Health Commission] report have implications across the group. For instance, if you look at the recommendation that I was personally delighted to see in there about air quality - and I think it is the first report that refers to air quality - he says that "the Mayor's Air Quality Strategy should go further and faster" because this is killing so many Londoners. Presumably, that has budget implications for TfL, predominantly, and other parts of the group.

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** Yes, and part of the input into the response we are seeking TfL's reaction.

**Stephen Knight AM (Deputy Chair):** Good. You are actually seeking TfL to react to that?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** We are asking them what they have to say and then we will decide what to do.

**John Biggs AM (Chairman):** OK. I am just moving on. We need to close fairly quickly, you will be sad to hear. You were meant to laugh at that point, by the way. Another area of work, then, was the National Football League (NFL), which is an American institution, and aspirations for major international sporting events. What are the Mayor's cultural priorities and how would a NFL franchise in London benefit the city?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** I will try to do the NFL first.

**John Biggs AM (Chairman):** I see. This is implying this is not culture?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** We have not necessarily said it is culture. It is sport and tourism and investment.

**John Biggs AM (Chairman):** OK. I think it counts under culture, though, does it not?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** It does a bit.

**John Biggs AM (Chairman):** Culture, sport and tourism. Crack on.

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** There have been a number of regular season games, as you know, at Wembley as part of trying to build a picture of how interested the public is in this. The NFL has been pushing forward on that. There have been ten games so far. They now have a regular team, the Jacksonville Jaguars, who are playing in consecutive seasons over here. These and other bits of what the NFL has been doing are incremental steps to try to engage --

**John Biggs AM (Chairman):** What does "playing in consecutive seasons" mean?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** Every season.

**John Biggs AM (Chairman):** OK. They are playing here, then. All right.

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** On the impact, Deloitte has done some work on that, not for us and so it is not in our report but it does been done for the NFL and it shows a high economic impact. The two NFL games hosted at Wembley are believed to have realised a direct economic benefit of £32 million. If you push more games out, there is an assumption that that will --

**John Biggs AM (Chairman):** OK. Maybe the base of that argument could be tested elsewhere, maybe in Jacksonville, in fact, maybe elsewhere within the Assembly. On the wider cultural programme?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** The wider cultural programme has several priorities. One is to retain our position as a world city for culture. A lot of that is to do with what we are doing in creative investment. That is in the budget. You can see it. Some of the other things are busking, which is again in the budget, potentially a floating lido - depending on negotiations with Southwark and others - activities for kids, music education, gigs, Fourth Plinth Awards and public art, which is part of the Fourth Plinth stuff.

**John Biggs AM (Chairman):** Is this a steady state or is it a reduction or an increase on previous years?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** It is pretty steady state.

**John Biggs AM (Chairman):** OK. The Museum of London is the other body that is reluctant to find 2.5% efficiencies. Can you tell us if we are going to continue to support it in the long run or do we have another strategy?



**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** The budget is currently assuming a flat revenue grant over the next two years. We give it £8.3 million - £700,000 in capital and £7.6 million in revenue - and so far we have said we are going to carry on doing that, subject to considering the 2.5% issue.

**John Biggs AM (Chairman):** You would like it to achieve greater commercial opportunities?

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** Yes. It is actually doing pretty well on generating commercial income. It had record numbers of visitors last year. It has targets to go above that. Commercial income is forecast to go up. Fundraising is expected to go up. I imagine we will keep on wanting to look for efficiencies, but at the moment our working assumption, as I say, is that we will --

**John Biggs AM (Chairman):** The agreement when this was transferred over, as it was recently, from DCMS was that there would be a dollop of money which would then be integrated into the core grants to City Hall.

**Jeff Jacobs (Head of Paid Service and Executive Director of Communities and Intelligence):** It is.

**Sir Edward Lister (Mayor's Chief of Staff):** It is.

**John Biggs AM (Chairman):** It is notionally?

**Martin Clarke (Executive Director of Resources):** Notionally, one could say, yes.

**John Biggs AM (Chairman):** Are there any other further questions on this section? I am sorry it was quite brief. Not that sorry, but thank you very much.

Thank you very much for answering the questions.