

Devolution Working Group – 22 June 2015

Transcript of Agenda Item 3 – Devolution and Public Service Reform

Darren Johnson AM (Chair): Obviously, we heard from you at the time you initially published the London Finance Commission (LFC) report back in May 2013. Can you set out for us what has happened since the launch of the report two years ago?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Sure. I would be very happy to do that. Thank you for inviting me this afternoon.

When the report was initially published we had a programme of visits and meetings with officials and politicians, actually - some of them in office still, some of them not - to go and explain what was in the report and to try to put the case for an interest, particularly in Government but not only in Government, for the ideas that were in it. The ideas were, broadly, that there should be a measure of tax devolution to London and that that devolutionary move would be one that would clearly have implications for the Treasury and for other parts of the country, but we thought that the report had described those or at least tried to cover off all the questions that might be asked. We went to talk to Ministers and civil servants at the Department for Communities and Local Government (DCLG) and at the Treasury and, beyond that, sought to ensure that other parts of the country continued to share London's desire to continue down the route of city or, in this case in London, city-regional devolution.

It would be wrong to pretend that - in fact, it would be right to say that - in many ways the devolution-to-cities debate has taken on a life all of its own since then.

Darren Johnson AM (Chair): Just on that point, we were very strong supporters of the LFC's proposals when the report was first published on the Assembly and, cross-party, we all welcomed it. However, is there a danger that City Hall has been so focused on the fiscal devolution proposals that we have really taken our eyes off the ball in terms of the wider devolution agenda and that places like Manchester have now stolen a march on us on public service reform?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): It would be fair to the executive here to say - and this is me speaking more as me than as the Chair of the LFC - that the dynamic of the Greater Manchester, in particular, City Deal and the relationships that have built up between central and subnational government there are unique to themselves. That is not to say that other city regions are not now seeking to follow on from that particular relationship.

For London's government - by which I mean the Mayor, the Assembly and the London boroughs - there is a challenge. Again, this is me speaking as me rather as the Chair of the LFC. There is just a slight sense outside London that the London arrangements put in place in 2000 are London's city devolution and now something has to be done about other parts of the country. Of course, that is slightly reinforced by what has been happening in Scotland and Wales, particularly the fallout from the Scottish independence referendum last year, which has created a greater urgency to try to find a solution for England. A whole number of things are now tied up in the future of city-regions and devolution in England.

However, if I can answer a slightly different question to the one you have put, do I think there is a need for London's government to ensure it keeps right at the front of this debate, the answer would be absolutely yes. It definitely needs to keep doing it from now.

Darren Johnson AM (Chair): Does that mean they can get more than simply the fiscal devolution agenda, apart from business-rate reform, if the Government is so dead-set against that? Do lobbying strategies on other devolution matters make more sense?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): All Governments are set against all reforms of anything to do with local government finance and so we must not upset ourselves that this is unusual. Actually, in some ways things are more propitious and there is a greater chance that something can happen today than at any time in modern history, partly because of a number of things coming together, one of which is the devolutionary move to Scotland and Wales, even partly to Northern Ireland. London, if it chooses to, can align with those. They are actually nations rather than subunits within England, but it can align itself with those, partly because of course it is bigger in economic terms than Wales, Scotland and Northern Ireland put together and it is a much bigger unit. That has happened.

However, as I said, beyond that, the unique arrangements for Greater Manchester, which we did discuss briefly in the LFC's report because we thought they were a robust element in England's future governance, are ones that have clearly attracted national Government even to the point of some form of health devolution being a possibility. What has slightly happened - again, this is me speaking as me rather than as Chair of the LFC - is that the possibility of devolving service spending is now clearly and obviously a greater possibility than the ever-difficult business of trying to get national Government of any party or mixture of parties to concede there needs to be some fiscal devolution.

However, we will go for what we can get here. This is England in the UK, the most centralised large democracy in the world. If we must take small steps to get where we are trying to go, then we must take small steps to get where we are trying to go. If you ask me personally, there needs to be fiscal devolution to city-regions in England, absolutely, because England within the UK as a whole remains the most fiscally - and in other ways - public finance-centralised country of any large country in the world.

Darren Johnson AM (Chair): What economic arguments can we use to support that call for fiscal devolution?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Here I have to be careful because the report explicitly looked at and had a chapter on the question of the academic evidence about whether devolution leads to greater growth or improved economic performance and, to be absolutely honest, the evidence is mixed. It does not necessarily drive higher growth but, on the other hand, it does not reduce growth. You can flip that argument around and say, "If we devolve heavily to London, it would not reduce growth". You could play that argument either way, actually. The evidence at the time was not conclusive, it is fair to say. It was not conclusively the case that if there were devolution to London, it would produce higher levels of economic output and therefore higher tax yields.

However, we made the common-sense assumption that if London controlled its own tax base or more of its own tax base, it would then have a vested interest in making developments that would over time increase the tax yield. It would make sense and that would drive growth. Anyway, that was the logic both of the previous Labour Government's Local Authority Business Growth Incentives scheme and the Coalition Government's New Homes Bonus and business rate retention scheme. We can discuss those another time, but that was the logic that lay behind them. We were just following that logic.

The other thing to say is that we know how it has come about, but the Treasury's Stalinist grip on the UK economy from the centre is now being challenged by Scotland and then by Wales. We have discovered from devolution to Scotland, to Wales and to this building that the sky does not fall in if powers are transferred

downwards; quite the opposite, actually. Government takes place in smaller, more manageable units and taxes are better used.

Andrew Boff AM: Can I just ask, Tony? This is directly on that because we had a meeting *in camera* with some people and they said --

Darren Johnson AM (Chair): We cannot tell you any more than that.

Andrew Boff AM: Because it was *in camera*, we cannot tell you who it was. It was stated there that the Treasury is concerned about, for example, Spain, where they have very strong regional governments and they attribute some of the financial problems that they have to the capital overspending of their individual regions. They are using that as a reason to stand up against any further devolution. What do you say to that point?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I would say three things. Firstly, British municipalities are not allowed to budget for a deficit and so they do not by law. Secondly, British municipalities are held in check by the prudential borrowing rules, which ensure that they cannot borrow beyond what is prudential. Thirdly, to be slightly more provocative, the whole of the UK deficit was written and signed and the Treasury agreed to it. Insofar as there is any discipline here, if more of British government had been in the hands of subnational government, the deficit would not have grown as big as it has.

Andrew Boff AM: OK. That is a good point. Thank you. Thanks, Chair.

Darren Johnson AM (Chair): In terms of the fiscal devolution, one area that does seem to be more open than others is on business rates and there is certainly a broad consensus in London that local government should be given more control to set business rates and retain all the revenue. What legislative or other changes will be needed in order to make that happen?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I am sorry. I am not sure I can give you an absolute 100% answer. I should know the answer to this and I am not sure I can. I suspect that it might not even require legislation. It might require some legislative change but it is not going to be much, partly because this would be a back-to-the-future reform. This would be just getting us back to the world of 1989/90 when at least some sitting around this table may already have been in local government and may actually have set business rates. Is that true?

Len Duvall AM (Deputy Chair): I was in the *Twilight Zone*.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): It is a back-to-the-future reform. I think I am right in saying that Eric Pickles [Rt Hon, now Lord Eric Pickles, former Secretary of State for Communities and Local Government] wanted to devolve or at least to allow retention of 100% of business rates when this reform was first mooted. He actually wanted that and was trying to move in that direction, in fairness to him. It is not as if there are not those in Government who would like to go in this direction. Anyway, the earn-back type of model of Greater Manchester with something similar in Cambridge actually envisages an even broader base of taxes where the growth on the yield is retained locally. Everybody is sort of on the same page here.

One of the obstacles to 100% retention - and personally I would prefer 100% setting but with the rate of the business rate linked to the council tax, but just park that difference - is purely the complexities in a world where local government spending has been brought down very fast. The point would come all too soon when income from council tax and business rate was bigger than the local government spending that remained that

was not education. Then you would be in the slightly odd position, which we might reach in this Parliament, where the yield of council tax and business rate was bigger than all local government spending. What would you do then? The Treasury needs in its terms to manage the spending figure down. If it gives local government a tax base that is bigger than its total spending or at least the spending figure the Treasury wants for the next three or four years, it would have to start taking money away with a kind of precept or possibly giving local government more responsibilities.

That is, of course, a very interesting portal opened by the Greater Manchester National Health Service (NHS) deal. That raises a question for London of whether there would be a bid that could be put in to the Government to take over more responsibilities in exchange for keeping 100% of the business rate and other levies, which takes us back to the LFC's report. At which point, for those things or some of them - and it would not be true if the whole of the NHS were transferred, but depending on what was transferred to subnational government in London - it could be 100% locally funded. That sounds radical, but actually it would be as if there were a Barnet-formula type of ring-fence around London's money of the kind that Scotland now wants to preserve and Wales wants reformed, understandably. Actually, you could achieve something similar for London with its resources ring-fenced to fund the services for which it was then responsible.

Len Duvall AM (Deputy Chair): You mentioned setting the business rate. Just out of interest, who would set that, then, London-wide or the boroughs? Would they do it in partnership?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Everything we did with the LFC, which of course, as you know, was a production of City Hall and was a Mayoral commission, had London Councils much involved. The detail of how this would be handled would need to be finalised and worked out when the deal was done, but we envisaged that certainly with a tax like the non-domestic rate, in the end it could not be wholly at the borough level.

That was what was problematic about business rate retention because you ended up then with a completely new version of a national redistribution system so that boroughs with very large rate bases like Westminster and Camden and the City of London do not suddenly gain enormously. Almost all of their money is then taken away from them and rerouted through a national pooling arrangement to the authorities where, to put it at its simplest, the grant they lost would have been bigger than the extra business rate they gained.

This could be done within London. Indeed, again, for the more mature around the table - and I include myself in this - there used to be something called the London Rate Equalisation Scheme, which effectively took money from the rich central boroughs and redistributed it to all the others. I am not saying that should be reinvented. However, if this were handled within London, it would be possible for the boroughs and the Greater London Authority (GLA) to share the business rate base - to come back to your question - but for a lot of the redistribution to be handled through the GLA, which after all raises the money from all of London and then spends it across the whole of London. It is an automatic equaliser. However, in a sense, given that the boroughs are the planning authorities, it would be jolly odd not to give them an element. After all, the council tax base is shared and the business rate was shared before. In a sense, they both share the base, but the precise sharing and what it then funded would be up for negotiation at the point the reform was made. That is not meant to be an obscure answer, but there is an element of obscurity about it.

Len Duvall AM (Deputy Chair): To be fair, out of all the fiscal devolution, this is the one where the door is not ajar but there is a little crack. I cannot get my fingers in it to push it open more and put my boot in it to get it open, but there is a crack. In theory, do you think it is important then that the London governments, as you described earlier on, the players, start to work out what in practice that would look like? Is it borough-to-

borough or is it sub-regional? They are developing some of those issues about painting some pictures about how that would work in detail.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Absolutely.

Len Duvall AM (Deputy Chair): We take it from your previous answer, but work out that detail. Do you think there is a sense of urgency about that?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I do. I am not party to any of the negotiations or whatever negotiations are going on and so I can say this with absolute openness and not certainty because I do not know. The thing that has made the Greater Manchester deal so attractive to Ministers is that the ten Greater Manchester districts have developed from the bottom up a working system that they all sign up to. They can sign up to the Chancellor. They can sign up to something and deliver it. The nearest analogue in London would be that City Hall and the boroughs would have to have an answer to the question, "What would you do if this were offered?" That has always been the case. London's government needs to be ready for a radical Government coming along and saying, "What would you do if we offered you this", whatever 'this' is, services or taxation.

Len Duvall AM (Deputy Chair): My last question. We can around the table see what the win-win situation for London governance could be. What would be the arguments we would make that it is actually good for the wider UK? Is it our performance? Is it our growth? We talked about the problems of the impact on growth and trying to explain what that could be. What do you think we might say about business rates?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): The rest of the UK can hardly lose out of this for the following reason. If the LFC's proposals - which were pretty modest in the great scheme of things, certainly by comparison with other cities and other countries - were pushed through, then perhaps 12% or 13% of the taxes paid in London would then be kept in London and determined by London's government.

Let us assume that happened and let us assume that London's economy then grew faster because this largely property-based tax base was in the hands of London government, which then saw it as in its own best interest to manage the economy and to drive up growth. If it did that, the other 87% of taxes - which the Chancellor is still receiving on a happy year-to-year basis as he does now - would simply grow as well. All those other taxes would grow. That would mean more money for the Chancellor to spend in London and in the rest of the country.

If, on the other hand, on this tax base London did not do so well - perhaps the London economy faltered and did not grow as fast as that in the UK as a whole - then the losses would be kept in London and actually the rest of the country would then be protected from those losses. I am making it slightly more simplistic but it could be, but in the end London would have to look after itself and think a lot harder about how it managed its own taxation to ensure its own property tax was protected. Actually, that is what all cities in countries like the United States that have their own tax bases have to think very hard about, "How do we protect the tax base? How do we grow the tax base?" However, if it did grow, the Chancellor would get most of the extra cash.

Darren Johnson AM (Chair): OK. In New York, as an example, there is a much greater level of fiscal devolution but also a more balanced relationship between the Mayor and the City Council. What role do you see for the Assembly in this in terms of checks and balances?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): This was not covered by the LFC's report and so this is, again, me speaking as me. There is no question that the more

powerful London government becomes - and if one assumes a spectrum from the London government model of 2007 as amended and the governments of Wales and Northern Ireland, which are not really a spectrum - and, clearly, the more that London becomes akin to a devolved government in Wales and Scotland, then the more the balance of power between the executive and the scrutiny part of this system would have to be re-examined, it seems to me.

I have said this elsewhere. The London government model is partly based on American city government, but of course we all know that in American city government there is a split between the executive and the legislature. This system has elements of it, but it is not that American system. That is just not the way we do things in Britain. We like to have a powerful executive in Parliament or in local government. There is often an executive that is powerful and a scrutiny body that can over-ride and this system has moved slightly in this direction since 2000 --

Darren Johnson AM (Chair): The two-thirds over-ride has been expanded into other areas and so there has been an ever-so-slight rebalancing. Would you see this as simply rolling out the two-thirds potential veto further or would you see a more radical change in terms of the relationship between the Mayor and the Assembly if this was to be --

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): No. All I would say is that the more the system moves towards something nearer to Wales and Scotland, the more it would be necessary to rethink the legislative-executive split, which is a big change, potentially. There is a whole range of issues that are brought into play as London's government becomes more powerful, depending on whether the Mayor or the boroughs or both get some of the additional powers.

However, as I have said ever since the system was created, there are elements of an American city government in the London city government system but there are definitely elements missing. The elements that are missing are in this conventional legislature-executive split where the mayor, in an American system and certainly in New York, would have to get the city council, in effect, to pass legislation to allow the mayor to function. It does not make the city council as powerful as that makes it sound, of course, because that leads to all sorts of deals between the mayor and the city council.

Definitely, as I said, to simplify, the more powerful the executive gets within the GLA, the more it begs the question of whether the Assembly is powerful enough to oversee the budgets and the scale of operation.

Darren Johnson AM (Chair): Given the scale will get so much bigger?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Absolutely.

Darren Johnson AM (Chair): Andrew?

Andrew Boff AM: On that line about scrutiny and accountability, do you see any merits in creating an independent budget office for London? Is that something that might assist our arguments in devolving powers?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I think I have written advocating this but I cannot remember.

Andrew Boff AM: You have.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Then yes. If you tell me I have written advocating it, then yes. Thank you, Andrew, for reminding me.

Darren Johnson AM (Chair): You have advocated so many things that it is sometimes hard keeping track of them.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I know. Without being self-loving, I cannot remember sometimes. Yes, I do.

Andrew Boff AM: If I can try to tweak your memory --

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Go on.

Andrew Boff AM: -- I just wondered how you would see an independent office for London actually working practically. Are there international parallels to this idea?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): The idea came down to the imbalance of power. There were two things, really. When the GLA was set up by a Government that was trying very hard not to recreate the Greater London Council, I am not being critical of any of the people concerned but it set it up with a core of staff that would end up, inevitably, serving both the Mayor and the Assembly. I presume this is still true to some degree but I may have missed a change. I know that there are dedicated staff who work for the Assembly and Assembly Members can have their own researchers and so on. However, there is not a formal separation in the way that the Government has the civil service and the Opposition does not in Parliament.

Given how important the budget function is and how much money there is particularly running through Transport for London's (TfL) books and the Metropolitan Police Service's books, trying to oversee that on the basis of broadly the same staff at City Hall providing both the Mayor, who sets the budgets, and the Assembly, which is supposed to oversee them, with the information was complicated. It is not to say they could not do it. It is that wonderful word 'complicated'. There would be an argument for a dedicated budget office of the kind that has been set up - although it is independent and philanthropically funded - in New York, which would then allow continuous running financial scrutiny of the major functional bodies, which are huge. TfL and the Metropolitan Police Service, I do not need to tell you, are very large administrations in their own right. The need for effective oversight of the way the resources are used to allow full understanding by the Assembly - and therefore by the public - seems to be something that we definitely need. If I may say so, I am not criticising the Assembly Committee that does this, but a Committee of the Assembly trying to do that does not quite have the firepower that is on the other side. That is the point.

Andrew Boff AM: Yes, I absolutely get that. Do you think it might assist in the arguments with the Treasury for them letting go some of the purse strings?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): It is a very interesting argument.

Andrew Boff AM: Obviously, if there is an independent analysis - and we have now accepted, for example, the Office of Budget Responsibility and that is now accepted and nobody seems to want to abolish that - I just wondered if it might help us in our arguments with the Treasury.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): It might well. Although, in fairness to the GLA and its functional bodies, compared with some of the - how shall I put it - less

well-controlled examples of spending by Whitehall, the GLA and its functional bodies are actually well run. However, that does not mean that your point does not hold, which is whether the Treasury would be a bit more confident if it had better oversight of the way the multi-billion budget of the GLA were handled. It probably would. Whether that is enough to get around their fundamentalist orthodoxy is another matter.

Andrew Boff AM: Just to help you out, not only do you back the idea but also the Communities and Local Government Select Committee is supportive of the idea, as was the GLA Conservatives' report that we published in January. It sounds like everybody agrees, which is great.

Darren Johnson AM (Chair): Good. One final question on fiscal devolution, Tony, before we move on. Stamp duty is quite a volatile tax prone to fluctuations in the housing market. The Mayor recently proposed the possibility of London having additional stamp duty raised on a project-by-project basis, funding Crossrail 2, for example. Do you think this is a practical proposal? Do you think that might get us somewhere with the Treasury?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I can see that - wisely - the Mayor thinks, given the world we are in, every little helps and taking small steps. If I understand what the proposal was, it would mean that the extra yield generated by a new project like Crossrail 2 would then be held by London in order to help fund the project. That at least has the merit from the Treasury's point of view of being money that it did not have in the first place and so it is not losing anything. It is an opportunity cost, but it does not lose anything.

We have all learned to be pragmatic about these things and, if we have to take a small step in order to take a bigger step, so be it. That is why, personally, I am very strongly in favour of the Greater Manchester reforms and experiment. If these things in any way are made to work for Greater Manchester, it would be very hard, in my personal view, for them not to happen in other major cities. Therefore, I am strongly supportive of the reforms in Manchester and I would be supportive of this kind of change as well if it is another step towards a better future.

Darren Johnson AM (Chair): That is really helpful. All right. We will move on and Caroline is going to look at public service reform and governance arrangements. Caroline?

Caroline Pidgeon MBE AM: Yes. Apologies, Andrew [Eyes]. We are focusing on Tony to start off with. I wanted to pick up on the Cities and Local Government Devolution Bill. The Government is looking at this package of measures, but London is not mentioned at all. Do you think there is any chance that the aspirations we have for London and the ideas that have been coming forward can fit into this draft legislation or do you think we need to be looking elsewhere?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Technically, the legislation that has been introduced into the House of Lords cannot immediately and obviously work in London because it appears to require the existence of a combined authority and a directly elected Mayor to make it function. London is not allowed to create combined authorities under the earlier legislation that allowed that. However, separately, in fairness to Greg Clark [Rt Hon Greg Clark MP], the Communities Secretary, he has made the point that he would be willing to entertain proposals made about London but quite how they would then be enacted I do not know.

More to the point, the legislation that is going through the Lords about the cities and counties in the rest of the country is itself a pretty portmanteau piece of legislation and it is possible for different arrangements to emerge separately for all cities differently under this legislation. A lot of it, as I understand it, will be done under orders and regulations rather than directly by the same system existing everywhere.

Therefore, London is left out of it, except that the Minister said that he would entertain proposals made about London. I have to believe that that is what he means.

Caroline Pidgeon MBE AM: For the areas where we need legislative change, you think it would be better for us to hook that on to other legislation that is going through rather than through this, where there are clearly some issues?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Again, there are rules in Parliament about how legislation can be amended and I definitely do not understand what they are. This legislation does mention the London boroughs by name at one point, interestingly. It does actually mention them on the face of the bill. However, what would happen if a Member of Parliament (MP) put down an amendment to say, "And this shall happen in London", I do not know. Whether that would be ruled out of order by the clerks' department or by the Speaker or something, I am not certain.

It is always possible for London to ask for its own legislation. There have been changes made since 2000 on two occasions when London's government has been altered somewhat. It might be possible to do it under this legislation but I suppose, if it were to be done, to go back to a question that was asked earlier on, it would be necessarily for London - broadly defined - to have a convincing case for what it wanted and to be able to convince Ministers that that was good not only for London but for the country as a whole.

Caroline Pidgeon MBE AM: The Manchester model that we talked about earlier and these new mayoral models have not really had the sort of public consultation that London, Scotland and Wales did when their governance and devolution was set up. Do you think that was a mistake?

Also, what are your thoughts on the scrutiny arrangements for Greater Manchester? I know the Liberal Democrat peers today or this week have put down an amendment saying that they should have assemblies in these cities such as we have in London, which is great. However, the Combined Authority's scrutiny pool is very weak in Manchester and clearly they have not thought about when there might be conflicts or when there are differences in opinion and the actual proper scrutiny of it. What are your thoughts on all of that?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): The Greater Manchester model, like so many things in British government, is unique. It came about when the Manchester authorities started to work together formally back in 2004. It was in 2011 under legislation that the last Labour Government passed or it may have been just during and at the end of the last Labour Government. They were allowed to create the Combined Authority and then there were further discussions. Eventually, they convinced the Chancellor, in the way I was discussing earlier, to pass greater powers to them.

In fairness to them, it is very much a bottom-up model. There are ten districts in Manchester. To use a London parallel, it would be as if in the interregnum between 1986 and 2000 the 33 London authorities had created a combined authority and then voluntarily worked together as if they were mimicking city-wide government, which they almost began to in the latter years when the warring local representative bodies combined again. Finally, of course, if London had decided under some pressure from the Government to appoint temporarily somebody as the interim mayor and to then hold an election for a mayor who would share power with the 33 leaders, it would be a broad analogue for what has happened.

The Manchester system came up, very much created in that way by the Manchester districts. It is not a big secret. I am not sure they would have gone for a directly elected mayor if the Government did not really want one. That was added on because the Government wanted it and they came up with a power-sharing

arrangement between the ten leaders and this new mayor interim and, after 2017, elected. Those were all the conditions of getting a deal with the Government.

Trying to fit an Assembly into the middle of all of that has obviously hitherto not been part of anybody's best way forward. I have given evidence to the Communities and Local Government Select Committee, where this point came up. There are MPs who wonder whether the scrutiny arrangements, as you have described them, will be enough. In commenting in advance on a Greater Manchester arrangement that has not got going, I would want to be a bit cautious for the time being. However, I can see that a scrutiny body of backbench councillors from all the districts trying to oversee a collective of ten borough leaders and a directly elected mayor is going to have to work hard.

Andrew Boff AM: With a huge budget.

Caroline Pidgeon MBE AM: Yes, and therefore maybe local mandate.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): With a large budget. It might be including the health budget by then.

Andrew Boff AM: Including health, it is a huge budget.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I agree. All city governments definitely, particularly these days, need to think about absolute crystal clarity and transparency in the way accountability is delivered.

Caroline Pidgeon MBE AM: Yes. It just seems to me that they all have very local mandates and will not necessarily have the support behind them to be able to scrutinise all of these big decisions.

The other concern - and I wonder if you have any comments on this - is that you have this Greater Manchester mayor being able to offer leadership and all of this, but they can be outvoted by the boroughs. It is a very strange model.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): That is probably a compromise. The politicians around the table will know better than me that compromises have to be made from time to time and I suspect this was a compromise between politicians who probably did not really want a directly elected mayor and a Government that was insisting. This is a way that gives them both half of what they want.

Darren Johnson AM (Chair): When a directly elected mayor comes into the mix, it is a whole new dynamic, then. They have their own mandate and their own lobbying powers and so on.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I suspect that that is widely understood. As I said, I am a bit cautious talking in advance about the Manchester city government model before it has really got going, but I agree with what you said. Once there is a directly elected mayor of Greater Manchester, it will have an authority and a power to go where it wants to. It may be that the ten district leaders there will become more comfortable with it when they see how it runs and may want it to become a more visible representation of Manchester. These things are very much step by step. The whole thing is pretty remarkable to have got this far. It is pretty cool, actually.

Len Duvall AM (Deputy Chair): Can we go back to the policy landscape and the strong case for devolution of services to London government? Just looking broadly across those issues, can the benefits to Londoners of

the services being devolved down to more than one level be really evidenced as such? You will be aware of some of those sub-regional partnerships that the boroughs have produced, some of their perspectives and some of the joint work between the Mayor and those boroughs.

In your mind, as the second part of the question, what needs to happen in order to bring delivery of those services to London and what barriers would you identify?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I absolutely take the underlying logic of the question, which is that there has to be at least some public interest in this happening. Experts talking about why it would be constitutionally better - and I say this; I do quite a lot of that - is not quite good enough if the public does not broadly feel that it would either have greater access or get better services delivered by a transfer of provision from one level of government to another. I absolutely agree with the spirit of your question, which is that there does need to be public understanding and support for the change.

Actually, if you look around the landscape, it is very hard to disentangle how they have worked over 15 years now from what would have happened anyway. If you take TfL over that period, it is hard to disentangle the accountability for it resting with the Mayor and how it has improved over that period from the large amounts of central Government money that have been given to TfL. It is hard to disentangle.

Of course, you could always test this with an opinion poll, but I suspect most people in London if asked today would probably think it is better to have transport run in London by London politicians than run by national Government because it was not as good when it was run by national Government. They can get at the Mayor - be it [Ken] Livingstone or [Boris] Johnson - more easily than they can get at the Secretary of State for Transport, with due respect to him.

Would that be true of other services? Actually, yes, it would be true. I do not want to trample on the next speaker's world here, but with the kind of mess that national Government occasionally gets into when it tries to reorganise the NHS in London - or anywhere else, for that matter - it would be easier for government nearer to people to reform elements of the NHS than for national Government to do it. Local government is used to making complex, difficult and unpopular reorganisational decisions and has to sell them on the ground. It is more difficult for national politicians to do that because they are simply too distant from Manchester, London, Leeds or wherever it is, even if the national Government is based here. Therefore, the closer accountability for running a service means that the service itself can be improved.

I was at an event not so long where a national politician was asked to quote two good examples of major Government computer and information technology (IT) procurements that had gone right, as opposed to ones that had gone wrong. The two that this national politician quoted were the congestion charge in London and the Oyster card in London.

Caroline Pidgeon MBE AM: In London. I love it.

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I will spare the blushes of anybody else in the room if I talk about any other part of the public sector that does not have IT systems quite right. The truth is that something like the Oyster card is an unusual example of a large, complex computer system that was got right. You do have to ask yourself if it would have worked quite so well and if it would have been tried at all if it had been in the hands of national Government. The congestion charge would never have been tried if it were not for being done at a subnational level.

Another example I have given in the past is the smoking ban. Whatever you think about smoking and smoking bans, in 1997 when the Labour Government took office, there was pressure for some city councils, particularly Liverpool, to introduce a smoking ban. Northern Ireland and then Scotland and Wales introduced them. Eventually, England introduced one all over England at once in 2007. Why did they not pass permissive legislation in 1997 and let Liverpool City Council try it out? Then we would have seen if it worked. As it turned out, it did. Actually, more people would have been made healthier quicker. As I said, I am not making a particular bid for smoking bans, but it is just a good example. Why not do that with other public health experiments, which we could if there were more decentralised powers? I know public health has been devolved to local government subsequently, but I am making a more generalised point.

I take your point entirely that people in London - in a city - have to feel that the service will be better if it is devolved from national Government to them. It is possible to make a pretty convincing argument for that, given the way London's government at the city-wide level and Scotland's government has worked.

Len Duvall AM (Deputy Chair): You mentioned earlier on the issue around the mayoralty and the Assembly devolution. Is there anything that you have seen in the past that you think is missing around existing powers that we could make the case to strengthen our agenda in terms of devolution to this institution?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Personally, nothing to do with the LFC, I am in favour of radical devolution. Scotland, Wales and Northern Ireland - even more remarkably, in some ways - have shown that you can devolve extraordinary amounts of power within the UK and that there is a political class in Edinburgh, Cardiff and Belfast that perfectly adequately can run services. The sky has not fallen in. These places, these countries and these nations within the UK have highly effective government and there is no reason at all why London, whose population is 8½ million, could not do the same or, indeed, the Leeds city-region, the Greater Manchester city-region and so on. I am confident that there are enough politicians of calibre and officials of calibre to run these things at more than one level in England.

Personally, I am very attracted by what the last Labour Government called 'total place' and what the present Government calls 'community budgets'. They are different terms of art for the same thing. In fairness, there are parts of Whitehall that would do this, but the main obstacles are the great baronies of the service departments. If you are the Secretary of State, you want to preserve your existing position and your existing powerbase.

Darren Johnson AM (Chair): Thanks. That has led us nicely on to the second part of the meeting now and the public health agenda.

Welcome, Andrew, as Chief Officer for the NHS Lambeth Clinical Commissioning Group (CCG). I believe you are leading on devolution work within that.

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): I lead across the CCG chief officers across London. I have been working with NHS England on that.

Darren Johnson AM (Chair): Thank you.

Andrew Boff AM: The Mayor has statutory duties to promote improvements in health in London and also to do something about reducing health inequalities, but he has no dedicated budget committed to that task. Can the Mayor do anything at present to influence healthcare in London?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): Can I start with health more than healthcare? That is the critical bit. Cities and governments of cities have a critical role to play in people's health.

There is an absolutely fundamental role for the Mayor and the people who work with the Mayor to have a really serious conversation with local people, with local employers, with local partner organisations and so on about health. Tony was talking about fiscal freedoms, in a sense, but with that comes responsibility about how you will spend money well. How you spend money well in health is by preventing ill health and by keeping people as well as possible. Therefore, there is an absolutely fundamental role for the Mayor in that conversation with the city and all its parts.

There are clearly some direct areas where you need co-ordination and where issues go right across citywide populations. Air quality would be an obvious one and transport. These are critical areas that impact on how people feel about their health and so on around police, around housing, around the urban environment and around planning. All of those things are critically important for not just how people perceive but how well they are. All of those things are really important.

If I could turn to care and healthcare, there are some really big asks for us in the NHS in particular. Our biggest challenge, probably, at the moment is where we get our workforce from and how we support people to stay in the city and to work in the city in the jobs we need them doing to look after people. Areas around housing are critically important for us at the NHS.

All of those areas are really important to us as an NHS. The Mayor has a role to play in all of those. They are the areas that will have a huge impact. If you think of us as a city, how do we tap into the massive assets we have and the investment we have and the opportunities we have? We have a huge focus on wealth in this city. Health is an important bit of that. The two come together. A healthy city will probably be a wealthier one and *vice versa*. Those aspects of the role of the Mayor are really important for us in health and will play out in healthcare.

The final bit would be around - and Tony [Travers] has already alluded to it - some of the challenges of reconfiguring and transforming health services. Absolutely, lending a shoulder to the need to change and the need to transform is really important, not just for the Mayor but for other political leaders across the capital.

Andrew Boff AM: Thank you. The London Health Commission proposed the establishment of a London health commissioner and a refocused health board. What has happened since that was published last year? What are the barriers to taking forward proposals to ensure that there is strategic leadership in London?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): Perhaps I will start off by saying that the report, speaking on behalf of CCGs and the NHS England London team, was well received almost comprehensively by the NHS in London. We have been thinking right from even while it was being shaped, really, about how we were going to respond to it.

What we have done is we have brought together what we call our Healthy London Partnership, which has come up with a range of programmes to think about how we take forward specifically the recommendations in *Better Health for London* that relate to the NHS. We have a set of 13 programmes ranging from what we do about healthcare or cancer-care to what we do about things like workforce or connectivity and so on. We have set up across London's NHS a way of doing that that allows every single CCG - ie every single borough, 32 CCGs - to contribute in a way that allows us to do it on a London-wide basis and also to get traction and ownership in every single borough. That is the programme we have set out.

One thing I would mention about that really is about thinking about it. It is not just a single, if you like, "This is what we are doing London-wide". It builds on what is happening in boroughs as well and much of that is around how we work with local government and local authorities. When we put it together at a London-wide level, there is a tier of that, which is the only things we can do on a London-wide basis through our collaboration. That is an important bit of that programme. The programme is there and, if people want to take it, there is a prospectus here of what we do.

Len Duvall AM (Deputy Chair): Can I just interrupt you there? I am aware of that programme and it is a very important part of delivering an effective health strategy for London.

However, in some lines - not that I am anti quango-led transparency or engagement with the public - when you take some of those decisions that impact on healthcare or changes healthcare and you have a big agenda in the coming years, should that not be led politically rather than by the man or woman in the Ministry via a quango? You can see where it getting divorced in terms of the political direction. Some politicians might want to run away from some of the decisions they have to take. Should that not be led by politicians, either locally or regionally, giving you some direction, still within the NHS framework but about those London-wide strategies at a London level?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): The development of this absolutely needs to have resonance with local politicians and needs to be part of the discussions we have on health and wellbeing boards and so on and so forth. When it comes to, then, a decision, say, about a configuration of health services and so on, it would be locally led through the processes we would follow at a local level. If I take my example, in southeast London at the moment, we are doing work across CCGs in southeast London and working with our local Government colleagues around the shape of services in southeast London. This programme is more about enabling all 32 CCGs in London to share their learning, to think about what models they might want to think about, to take that back into their local geographies and to think about how they would implement that working with their partners.

Len Duvall AM (Deputy Chair): Even at your level in Lambeth, you are working hard for the Lambeth residents, but some decisions you are not taking in Lambeth. They are being taken London-wide and they impact how you deliver those services. Should the residents of Lambeth know that? I do not mind working in partnership. I have worked in partnership before. However, who controls you - generally, not you personally - and who really are you accountable to? Should there not be a bit more hands-on in some of the agenda that you are doing? The NHS now is not going to be the same NHS in ten years' time. It is going to look very different. Do we do that by stealth --

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): No, obviously not.

Len Duvall AM (Deputy Chair): -- or do we do that in a more open way? Is it not better if that is led politically rather than by your good selves? No disrespect to you, but you mentioned earlier about the Mayor taking a role and speaking out in conversations across London. Actually, he is a great influencer, but he has no authority or direction over your budgets or your services. Politicians will not buy in. They will stand on the side-lines chucking hand grenades in, rather than leading a process of change and trying to explain to people that change actually might be good and might not be all bad for them, as some would suggest.

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): I absolutely take those points. I will give you one example: the primary care programme in here, which is probably the first one out of the blocks in this. The shape of that has been shaped by all 32 CCGs and the expectation is that those 32 CCGs will have spoken to their local stakeholders about how we would shape a new offer from general practice and, more widely, primary care at a local level. They will have been informed by discussions at health and

wellbeing boards and informed in the normal way that we would plan with our local partners in local government and beyond.

The difference about this is that in the past London-wide plans have been designed in London central, if you like, but this has actually been shaped and designed by the 32 boroughs working across the NHS and, where it makes sense, with local government. It makes more sense in some than in others. Some of them are much more medically focused, not all of them. There is much more local engagement with this. There is much more political, local and public involvement in it.

That is purely because what we are trying to do is to build up from the bottom. If I look at the example of the primary care programme, I know in all 32 CCGs who has taken the responsibility to take that engagement back into their local communities. If I look in Lambeth, I am doing that by working with my local Healthwatch, with the council and with my integrated commissioning team. It is as much a part of the work I am doing with local government as, say, thinking about social care and the Better Care Fund.

The danger is that you flatten everything and it all becomes a single-size solution. This is much more bottom-up grown. The decisions we take around this are partly around setting standards as opposed to how you would then go and implement in a particular locality. In Lambeth, I may have a different approach in actually three localities in Lambeth, not even on a borough basis. It will not be perfect and the approach we have taken should give us much more localised input and an opportunity to involve local people in that.

Len Duvall AM (Deputy Chair): Sorry to interrupt you. You were in full flow. You were about to highlight some other bits of work that you are doing.

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): Yes, the other bit I was going to reflect on is the London Health Board. That is the, if you like, NHS's contribution into *Better Health for London* and how we might take that forward. The London Health Board has refocused itself and reconstituted itself. The Mayor is chairing it and it is now meeting with London Councils, the CCG, the Local Government Association and Public Health England representatives to think about in particular London-wide. Where does it make sense to do things at some scale? What are the things where we want to put a London voice on things? How can we articulate that? That obviously requires parties who do not just operate at a London level to think about how they are going to collaborate and come up with a shared voice when there is one as well. That is much of the work we have been doing in the CCG in Lambeth and obviously working with London Councils. They are important areas.

One other bit I will just very briefly mention is not an area that I am involved in personally a lot. There are academic health science networks particularly working in the area of innovation around MedCity and so on. London is a place where we can really drive innovation and there is something about how we get the whole city behind not just medical innovation and also thinking about the population and some of the more behavioural aspects as well. That might help.

Andrew Boff AM: One of the recommendations was a health commissioner. That would imply, would it not, a certain 're-revolution' of power? With the title of 'commissioner', one would expect that a commissioner would then take on the responsibilities that are currently being exercised by CCGs.

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): We had some discussions at time about the word 'commissioner'. I am a commissioner, I have a budget, I procure things and I do needs assessments and all of that kind of stuff. My understanding is that that was not the nature of the way it was being expressed within the report. It was much more of a figurehead.

Andrew Boff AM: A convener?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): A convener, yes, exactly. There is the thing about how you convene these conversations and about how you improve health in as many aspects as possible.

Andrew Boff AM: A commissioner is a specific thing, somebody who commissions things.

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): Yes. In a sense, our response in the NHS to bring system leaders together is a way of addressing some of the leadership challenge. In terms of having a convener, it is probably something the London Health Board needs to continue to take stock on about the voice for health in London.

Andrew Boff AM: Thank you.

Len Duvall AM (Deputy Chair): We have had evidence around the public health agenda and one of the issues that have been raised by the mayoralty here is the London-wide programmes and the 3%. This has obviously been a focus of the London Health Board at some stages.

Do you think there is a case for a strategic budget to be held, top-slice, London-wide, over and above the boroughs, to be used on the public health agenda? Is there a case in terms of devolvement and a return to this particular issue?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): It depends on what you are trying to achieve and the scale you want to do it at. I am not going to answer for local government. Local councils will need to come to a view on that in terms of whether they have a shared set of priorities and whether they want to operate at the tier of the city-wide population. From the NHS perspective, in CCGs, we have put some of our resources into a shared pool to do this kind of enabling work that allows us at local borough level to share our learning and, where it makes sense, to co-ordinate.

Particularly around the public health agenda, the question is whether there is a common set of priorities coming out of local councils that would lead you to the value proposition, really, that if you combine you will get a bigger bang for your bucks.

Len Duvall AM (Deputy Chair): OK. I suppose it is too early from a health practitioner's point of view to comment about whether that devolution has proved its worth in terms of devolvement to local authorities and evidence of outcomes that it is working. Sorry to put you on the spot but, if I looked at it in five years' time, would that be fair then to take stock? When I think about some of the fashions and fads like the smoking campaign and what has pushed it on and what has really made a difference, it has been going for a number of years. Is five years too early to look at what local government is doing to say, "Actually, that devolvement is really working well and the outcomes are there"?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): It probably is too early to say on the specifics on it. However, what I would say is that I have worked in Lambeth since the 1990s. I was in charge of public health in Lambeth and I worked with my council colleagues. Therefore, it does not feel like devolution. It feels like a sideways transfer. Actually, all the big gains we made in Lambeth in public health were where we worked in partnership with others whether it was with schools or with the council or with the police, all sorts of people. I am not sure just the transfer of accountability will change anything.

What it has brought is an opportunity for public health thinking around early intervention and prevention and access to other areas of public business like housing, parts of education we could not reach before, etc. It has opened up the doors to thinking of public health much more holistically and across a wider range of services. I have great hope for that, actually. In Lambeth, we did quite a lot of that. My great hope would be that by transferring responsibility to local government, it opens up that opportunity in many boroughs to think a lot more holistically.

I am worried about resources. I am worried about local councils' ability to sustain preventative and early intervention measures. It goes back to the point about how much resource is in the system and where it comes from. Certainly, from my perspective, it will be whether we are really getting the right partnerships to drive public health, informed by good public health capability and expertise. That would be my answer to that. It is probably a bit early, but certainly the opportunities are there, I would say.

Len Duvall AM (Deputy Chair): I suppose my final questions are around some of the international experience, particularly the New York governance model that enabled the City Council to legislate on public health matters. Do you think there is some merit in London government having a look at some of those powers to either undertake pilots or not push on into certain areas?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): The powers bit goes back to the fiscal bit. If you think of a tax on fizzy drink and those kinds of areas, in a sense, it is in the realm of that. Those kinds of measures can have a big impact. The smoking ban and whether Liverpool could have done it quicker without waiting for the national stuff is probably a very good example. Obviously, it is reflective of the current position across the country at the moment. I do think those kinds of interventions can make a difference.

Darren Johnson AM (Chair): Can we put the same question to Tony about governance relations in health?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): There are two things. The government system in New York City, although it is not quite as unrestricted as it is easy to see from here, if you go to New York, the city is forever complaining about the state government getting in its way as if it were a bit like Westminster and Whitehall here. Just aiming off for that, the city does have greater freedom to direct its own destiny on a whole range of issues - criminal justice, health - but not transport, interestingly, where it is the other way around. Therefore, even though Mayor Bloomberg [former Mayor of New York City] did not in the end find it possible to introduce his tax on fizzy drinks, it was discussed. I think I am right in saying it did not actually happen for reasons that were beyond his control, but the fact is that the city could discuss a radical health intervention of that kind - whatever you think about it - and push the idea as Bloomberg also had with the smoking ban.

Whether you think these things are a good idea or not, at least the fact that the city can discuss them opens up and frees government to experiment. One of the things that would come out of a more devolved system of government, of which London would be a part, is that you would get more experimentation rather than just waiting for one national reform when we find out whether something works or not.

The other thing, of course, if I can just use the opportunity of having the floor to say this, is that the fact is that it is hard to think of a greater barrier to NHS and local government joint working than the current separate funding arrangements for the two of them. If you take social care, local government has its resources being taken away from it very fast and has to charge, certainly, for older people's care. The NHS has, broadly, protected budgets and its care is not charged for. Trying to get those services to work --

Darren Johnson AM (Chair): The Greater Manchester agreement is supposed to address that, is it not?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): I think it is. You almost certainly know more about it than I do, but yes. You can see it from both sides. From the NHS's point of view, this is not the most tempting offer. From local government's point of view, you think, "What will the Department of Health do to our money if they get hold of it and so on?" One of the real problems that comes out of the current arrangements is you get misuse of resources as compared with what would happen if it were possible rationally to bring them together. That is a separate issue, though.

Len Duvall AM (Deputy Chair): Can we just follow up and go back to Andrew on the primary healthcare agenda? I am a great believer in 1,000 blooms blooming in certain circumstances, but one of the challenges that we are facing in terms of the partnership work between the NHS and local government is that we have some boroughs with very good best practice - probably some of the best nationally, if we were honest, here in London - and some not so good and raising that agenda.

Whilst you talk of different issues within boroughs and different levels of service interaction and maybe primary healthcare in general, the interaction of some of that local government function working with the NHS function is up for discussion. What would be wrong with a combined authority in London of local government overseeing that aspect of it and bringing that co-ordination of it and direction and also the rest of the primary care agenda?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): We are already seeing the joining up of budgets for populations because that is what we are talking about here rather than different bits of a pathway, if you like. Only last week in southeast London, we took on co-commissioning of primary care with NHS England. That puts commissioning of primary care back into the business of CCGs. In Lambeth, my borough, I have integrated commissioning teams and budgets with the local authority. I can achieve an awful lot of that joining up through the current ways of working, through pooled budgets and section 75 co-commissioning. That is a stated direction of travel and we would absolutely want to progress that.

Wherever the governance of that sits or the regulation of it, in a sense, the accountability needs to sit back to the population. Thinking carefully about that is important for all of us. My accountability goes in two directions, one nationally and one locally to the people of Lambeth. How do I join that up?

What we do have to face in the NHS, though, is that we cannot do everything at a borough level. We cannot do everything when it comes to hospitals. Our hospitals in London serve a population that is far bigger than the population of London. In southeast London, King's Health Partners' catchment area goes down to the coast in Kent and so on. There is something about how you co-ordinate and how you operate at different scales.

The way we design ourselves at the moment allows us to do that by working very locally where it makes sense with local government partners and we can pool all the work together and have joint governance in there, or I can work with other CCGs on a bigger scale as well and put governance around that. We can work within the existing system, but it is about being really clear about the set of decisions and what it is you are trying to transform at that point in time in terms of which set of partners you are wanting to work with.

That probably does not answer your question fully about why it is not just one set of arrangements or one set of governance, but that is the system we are working with at the moment.

Len Duvall AM (Deputy Chair): I am a great believer in localism. I can see the CCG and all the partnership. But why can local authorities London-wide not come together, particularly on primary healthcare, and say, "Fine, we will give you added direction"? Do not replace that group because it is an interesting group of

people coming together and sharing the dilemmas, but when you are making changes and making sure those changes stick and taking on maybe some people refusing to change or moving at the pace of change that is required, then you need some clear direction. The public has a right to know where that clear direction is. I am not very clear even as a politician in some ways, if I can relate the experience of Lewisham Hospital, where that decision ultimately lies in terms of who does what. It is a bit bitty and a bit fragmented.

I can understand the local bit, but once we get to sub-regional it gets a bit blurrier and you get a bit distanced from where those people whom you are meant to be servicing and taking decisions and including your borough because not everything can be done at local level, as you have said. If you get to London-wide, where strategic decisions about finances are taken, it becomes even blurrier. I do not think that is helpful for the period of transition or change that you are embarking on, actually almost immediately, but over the next five to ten years.

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): That is the main challenge for us. It is not just worrying about necessarily the decision-making. It is how you are taking the population with you. That is probably the bit that the NHS has struggled the most with, whether it is the political stakeholders or the community at large. Lewisham is a prime example from the last set-up. How do we actually do that in a way that is much more outward-facing and is making the case, whether it is about primary care or whether it is about hospitals?

The one bit I would be worried about is if we started to chunk up the health service into different bits again. I am a firm believer that you look at what is required, whether it is health, social care or other bits of public investment and public services, across the generic needs of a population as much as possible and then around individuals and individual communities. Anything you can do that joins up the responsibilities around the needs of those populations is a critical thing, rather than thinking of hospitals, primary care, social care, etc.

Len Duvall AM (Deputy Chair): One last question, then, on the Darzi Report [Professor the Lord Darzi of Denham KBE, HonFREng, FmedSci, *High Quality Care For All, NHS Next Stage Review Final Report.*]. Some politicians have different views and the Mayor has his own view about the health services. If the Mayor of London, whoever that happens to be in the future, was the figurehead over whatever the regional structure is - I am unclear about that; you are reinventing it and it is good that you are because it is quite important - should the Mayor of London be that figurehead? Or is there some NHS minister for London - I do not think there is but there probably is someone who has it in their portfolio as they develop the regions - to say, "There is that"? Should that not be devolved to London?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): I am not sure that most of the decisions are London-wide decisions. Most of them are very close to local communities. You mentioned earlier how local governments are used to taking difficult decisions about services and so on. Very few of those are London-wide decisions. Some very big, wide-ranging decisions around hospitals might be taken at a certain levels. Others are much more local to a much more localised service. The express aim of what we are trying to do in the NHS is support people to be in their homes, not to be in hospitals and institutions. That is much more about how most people's care is provided by themselves and their families, not by doctors and hospitals. The localisation of that is critically important and it is about making the case for a wellness agenda as much as a hospital and treatment agenda.

Andrew Boff AM: Can I just take a couple of steps back to when we were having the discussion about the health interventions that you can take at a London-wide level? It appears to me that that overlaps with the kinds of responsibilities that boroughs have with licensing and the fact that it is more and more difficult to pull together a London Local Authorities Act such as the type that gives the local authorities the ability to license, for example, on alcohol and things like that.

Rather than waiting for a gap in the parliamentary timetable for them to rule about what is going to happen in London, is there something better that could be devolved down on a London-wide level to the GLA, perhaps the London Assembly rather than the Mayor? What do you think about that idea?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): I do not know, to be honest. I suspect it is about how quickly you can make change.

Again, in Lambeth, the example I know, with licencing we have put alcohol saturation zones in Clapham. We have done things around 24-hour off-licences and really important things around not just the health of individuals impacted by alcohol but of the community and people's relationships with people drinking alcohol and so on. Those are important. We managed to get some traction in that by working, again, with public health colleagues, with planning officials, with people interested in the economy.

I do not know the specific answer. Do you get a bigger bang for your bucks if you do it in a different geography? We managed to get some benefit --

Andrew Boff AM: It is not so much that. The London Local Authorities Act on licensing gives the authorities the authority to be able to enact parts of it on things like street licensing and selling alcohol and stuff like that. However, it has to wait for a full parliamentary debate to take place and that is proving more and more problematic if you talk to London Councils. If the GLA had a general competence to rule specifically on licensing and health issues, it would allow those health interventions to be done.

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): It goes back to the thing about smoking in Liverpool. If we can have a way to push on faster, it is really helpful.

Darren Johnson AM (Chair): Tony?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Clearly, absolutely. I am not on top of the complexities of the London Local Authorities Act or the bill process but, clearly, if it were possible to broaden out the capacity of the councils in the GLA to operate as licensing authorities and indeed to make small charges for things and greater freedoms there, both of these are potential tools in an array of carrot-and-stick types of interventions that can be seen to help to change behaviour, if that is what people want to do.

Andrew Boff AM: Nudging?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): Yes, absolutely. If that is what we are left with when there is not much money left, then why not?

Andrew Boff AM: Thank you.

Darren Johnson AM (Chair): Thanks. One issue that I want to pick up as well is the London Ambulance Service (LAS). In New York, there is much closer working between the fire department and the ambulance service. Is that a service that we could envisage being devolved to London government or could it come in only if there was much wider devolution of NHS functions, Andrew?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): In NHS terms, CCGs are the commissioners of the LAS and so it is already devolved to borough level. We choose to work together as the 32 CCGs in London to commission the LAS and so it already is in accountability terms. I am responsible as

the Chief Officer for Lambeth for the LAS services provided to patients in Lambeth and I discharge that through working with the other 31 CCGs so that we can talk to the LAS collectively. To that extent, it is already devolved to the local NHS and we are aggregating back up because it makes sense to.

Darren Johnson AM (Chair): Tony, any thoughts?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): The LAS was run by London's government until it was, as elsewhere in the country, taken away. You have to say it is another of these classic British oddities to have two of the three blue-light services run by subnational government and one, in effect, run by national Government. If you ask where the accountability lines go in the end for the LAS, they go back to the Secretary of State for Health. Would you arrange it like that in a sensible world?

Darren Johnson AM (Chair): Would you change it in a sensible world?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): It is easy for me to say this because I am not enmeshed in running the NHS in London, but I am just doing a bit of a back-of-the-envelope calculation here. I have not looked at these numbers and they are not really available, which is the point, but the NHS nationally spends about £110 billion a year. Even if it were just *pro rata* to population, the London NHS spend in total must be something in the order of £15 billion. It is a huge sum. Actually, it is probably nearer £20 billion. A lot of that goes through CCGs but not all of it. A lot of it is held back in other ways.

The path on which it finds itself from the £110 billion that the Secretary of State holds to the way it turns up in Greenwich or Lewisham or any other area of London is, as you said, Len [Len Duvall AM], almost impossible to get your mind around. I am not being critical of the NHS here. I am just saying that there is a pot at the national level that then finds its way down to CCGs and they make decisions - and correct me if I have this wrong - about how they buy in services from providers, usually trusts and hospitals and so on.

However, of course, trying to work out what is being spent in any one area over any period of time is just not possible, whereas you can with transport or the police or borough services. You can work out what is spent. The only way you can do this retrospectively through Treasury figures in the Public Expenditure Statistical Analyses to see what was spent on health in London as a whole. Therefore, the question of how resources are used is not under accountability pressures - not only in London - of a kind that makes it easy for politicians at any level other than in the Secretary of State's office to work out what is going where. As I said, I am not being critical certainly of Andrew [Andrew Eyres], who is working inside the system. It is just the system we have ended up with. Again, there are accountability weaknesses in this. Do we know whether London or a part of London is having more spent on it than other parts of the country than last year relatively or less? We do not know. For other services, we could work that out.

Of course, if London's government were responsible for most of the NHS, it would have to have a budget for it and decide what to do with it. Of course, there are other players, too, whom we do not hear very much about like big universities, which are very powerful and are rarely discussed, and the grandee university trusts who also have a powerful role inside this. Accountability in the NHS is actually pretty difficult for most of us to understand and that must apply to the money as well.

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): Just on the money and the importance of NHS England co-commissioning with CCGs, I would hope that would re-join up the accountability on the money back to the population or, in our instance in London, back to boroughs. The two bits you cannot see in my accounts as a CCG are primary care commissioning and specialist services

commissioning. The rest you can see in terms of what is spent on the population in Lambeth. If that gets added back through co-commissioning, then you can start to build up a population-based budget and you can add to that social care in the local government's accounts, etc.

The bit that is different about London is we import a lot of money into our hospitals because that budget is for my population. We bring a lot of income into London for treating people from outside of London and that will appear in the budgets of CCGs from around the rest of the country, but it is actually spent largely in our hospitals.

Darren Johnson AM (Chair): In terms of clarity, are there elements of the Greater Manchester model with the emphasis on integration between health and social care something that could work for London, Andrew?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): These are bespoke arrangements to some extent. London is very different and we are much bigger and much more complex and diverse.

Darren Johnson AM (Chair): Would we be looking at maybe sub-regional? Is regional far too big with 32 different boroughs? Would we be looking at sub-regional?

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): Possibly. That is why in our programme we looked at boroughs, we looked at what we called the strategic planning groups and then we looked at London. There are some attractive bits about it, particularly looking beyond one year. The ability to plan over a longer timeframe is really important and one we do not necessarily benefit from at the moment. That would be very good.

What is interesting in Manchester is the extent to which it is also progressing integration at a borough level. What they are doing in Manchester is coming up with health and social care plans for every borough. That is really interesting and, across London, you see quite a lot of that, whether it is the Better Care Fund or not. That is where the big dividend is. It is the extent to which we join up health and social care and beyond that into other bits of councils and then potentially we can, equally, work in not just integrated ways but collaborative ways and work at different geographies as well. As CCGs, we are already working at different geographies. Local government is starting to think about that now as well in London and it would be helpful for us as well. Not everything is going to be suited to either a London-wide or a borough-based scale. Many things will fit somewhere in between.

Darren Johnson AM (Chair): Sub-regional may be much easier to organise, potentially, than trying to get things to--

Andrew Eyres (Chief Officer, NHS Lambeth Clinical Commissioning Group): It depends on what the subject is. You talked earlier about the LAS working with the police. That might present a different geography than, say, a hospital configuration. It depends on where you drive best value.

Darren Johnson AM (Chair): OK. Any additional comments from Tony on this?

Professor Tony Travers (Director, LSE London and Chair, London Finance Commission): No.

Darren Johnson AM (Chair): Otherwise, we will draw to a close. Thank you both, Andrew and Tony, for coming along today. That has been incredibly useful.