

Budget and Performance Committee – 13 January 2015

Transcript of Item 3 – 2015/16 Group Budget

John Biggs AM (Chairman): After the beginning of the meeting and during the adjournment we have now received a written response to the Pre-Budget Report. Technically it was after the start of the meeting and Members will not have had much time to digest it, but we can incorporate that into our questions.

Can we welcome the Mayor here this morning? This is the third of our budget meetings to consider the budget proposal. Perhaps we could allow you to set the scene briefly by introducing your budget.

Boris Johnson (Mayor of London): Yes. Thank you very much, Mr Biggs, and thank you very much to the Committee for hearing me. I just want to apologise that I was late at the beginning. I had to do a huge amount of media.

Just on the budget, you will remember that in 2012 there was a very clear campaign I fought to get re-elected on jobs and growth in London. If you look around the city today, it is very hard to deny that there is fantastic progress being made. Unemployment is now at a record low, the lowest for 25 years. Employment is at record highs. We are building more homes now in London than any time since 1981. This year there is stupendous growth going on around the city. It is absolutely vital in the context of that growth market we make life better for everybody in London and we improve the quality of life for people in London. That means obviously doing things like campaigning on the Living Wage and trying to make sure that people are decently paid and getting decent jobs, but it also means investing in things that will make a real difference to their lives.

If you look at this budget it contains within it the elements we need to take the city forward and so massive continued investment in transport. Just to single out some of the things - and I know that the Committee will be familiar with them but it is worth repeating - all the upgrades of the Tube going ahead, Crossrail coming in, the extension of the Northern line and the first extension of the Tube for 15 years. The Bakerloo line extension now is really on Transport for London's (TfL) agenda. Crossrail 2 is getting funding from the Government, maybe not a huge amount but that too is on the agenda in a way that it really was not 18 months ago. There are many other new bridges, new river crossings and a road crossing at Silvertown. We will build 100,000 more homes over the lifetime of this mayoralty and there is scope within this budget obviously for the mayoral development corporations in Old Oak Common. There is scope to build 400,000 homes, we think, on brownfield sites.

Also within the budget - and I am talking about things that I hope will improve the quality of life for everybody - we are continuing to boost apprenticeships, helping to encourage Londoners to volunteer through Team London and other enterprises, supporting London schools to the extent that we can in the Greater London Authority (GLA), driving up standards, boosting attainment, a huge amount of work going on still on retrofitting homes and improving people's carbon footprint and great savings are being made there. This budget contains measures to plant many more street trees across London, 10,000 more street trees, 100 pocket parks and six large strategic green spaces. We are going to be going ahead with the Ultra Low Emission Zone (ULEZ), cleaner buses, cleaner taxis, funding for the Air Quality Fund, supporting local energy generation projects of the kind that you saw last week, boosting grassroots sport participation and trying to tackle obesity in our kids and we are seeing some progress there. We are doing all the things that are vital to support

London's position as the artistic, financial and cultural capital of the world through London & Partners and all the other bodies that represent London.

Finally, of course, I am very pleased that this Budget contains further funding for the Olympic legacy, which leaves standing other Olympic regeneration projects around the world. I really think we have done so far - touch wood - a fantastic job, if I can find any wood. It is difficult. I am going to touch some later.

Boris Johnson (Mayor of London): We have done a fantastic job so far of building on the legacy of the 2012 Games and members of the Committee will be familiar with the plans for Olympicopolis on the Stratford site. That is just one of the schemes and one of the projects that will be driving jobs and driving growth in London in the next 10, 20 and 30 years. Most of the elements for that increased growth and prosperity are here in this Budget and I commend it humbly and sincerely to your considerations.

John Biggs AM (Chairman): I do not think humility is one of your most natural attributes.

Boris Johnson (Mayor of London): What an extraordinary thing to say!

John Biggs AM (Chairman): Let us not stray into the area of sincerity either, but I am sure that that is moderately the case. I can see you have just come fresh from battle with the media because that is all very positive and fluffy stuff. Tell us about the tough decisions you have had to make in this year's budget.

Boris Johnson (Mayor of London): Obviously there are all sorts of trade-offs the whole time, but I am pleased by what we have achieved. We have been able to do it within the context of overall economies and savings that you would expect with a 2.5% overall reduction across the board. That has enabled us - just to remind our global viewers and listeners but also particularly those in London who pay council tax - that we have been able by frugal management of these programmes to continue our reduction of council tax, unlike the previous Labour administration that put it up. As my Conservative colleagues will remember, 152% they put up the council tax, unlike this administration that has cut it by 28% in real terms and we will go on to a 40% reduction.

John Biggs AM (Chairman): Mayor, can I talk to you a bit about the rules of debate here? They are that I am the Chairman and I will try not to be too party-political, although I am a Labour Member and I do recall the council tax going up as well and it did fund the police numbers, but let us not dwell on that. I asked you to highlight --

Boris Johnson (Mayor of London): Can I say something about police numbers?

John Biggs AM (Chairman): I asked you to highlight the tough decisions that you have faced in making this budget.

Boris Johnson (Mayor of London): As I say, we have squeezed in a prudent way, as you would expect, and we have taken 2.5% out, but we are confident we are nonetheless able to deliver all the programmes that count and to deliver better value and better services for Londoners.

John Biggs AM (Chairman): I can see you are having trouble grappling with the demons that you had to face in drawing up this budget.

Boris Johnson (Mayor of London): You do not necessarily grapple with demons if you feel that you are doing the right thing. Often in making economies in the public sector you really have to deal with the

arguments that do not really stack up. If you look at the savings we have been able to make on the estate in the police service or the fire service or whatever, you can see that it is always possible for people to make arguments - and you speak of demons - to arouse public about such reforms. You have to be very dispassionate and you have to be very clear and you have to see where the savings can be made. If you look at, for instance, the sale of the New Scotland Yard building, you could not deny that that was a massive win for the taxpayer.

John Biggs AM (Chairman): A massive windfall for all of us, yes, indeed. There has been no issue on which you have metaphorically taken your shoe off and banged it on the table and said, "This is too severe as a saving. I cannot do this on behalf of Londoners"?

Boris Johnson (Mayor of London): As I say, we have been able to cut out coat to suit our cloth. We have made reductions and we have been able to keep bearing down on council tax, as I have said. We have been able to keep fares at the Retail Prices Index (RPI) this year and yet we are able to go ahead with absolutely all the programmes that count for Londoners and I am pleased with the result.

John Biggs AM (Chairman): What is the biggest area of challenge in the GLA budget in the next year?

Boris Johnson (Mayor of London): The biggest threat that we face obviously is a Labour Government, at the risk of being party political. That is the biggest danger that this city faces.

John Biggs AM (Chairman): We are talking about challenges within the budget that you have set.

Boris Johnson (Mayor of London): I think that is it.

John Biggs AM (Chairman): There are no areas of risk or anxiety or concern whatsoever?

Boris Johnson (Mayor of London): Chairman, through you, we have a balanced budget. It is a good budget. Actually, this year it is a relatively uncontentious budget, I hope. Genuinely, if I look ahead at what the risk is, the risk is that there will be a Labour government that comes in that is adverse to the interests of this city, imposes draconian taxes on London in a punitive way and scares away investment in London and that would have a powerfully negative effect on our receipts.

John Biggs AM (Chairman): I do not think I am being partisan in doing this because we are talking about the budget you have set. You published this document. I recommend all Londoners read it. It is riveting stuff.

Boris Johnson (Mayor of London): Me, too.

John Biggs AM (Chairman): It tells you what you are going to do with money this year. Within that there must be areas of risk and anxiety about achieving the targets you have set yourself, let us be honest, either that or you have not set hard enough targets. Any good administrator would be pushing the boundaries.

Boris Johnson (Mayor of London): Perhaps I can just return to the point I have made. As you know, a large proportion of our receipts depend upon business rates and council tax. Those are variable. They will depend on business confidence. They will depend on investment in this city. I am anxious about the negative effect on business confidence of a business-hostile Labour government and I would not want to see that. That is a variable that we cannot control and you are right, John, to draw attention to it.

John Biggs AM (Chairman): You have been drawing attention to that particular thing. You do not see there have been any targets within City Hall which are so stretching and they are all so lazy, basically, that you can achieve all of them without any real anxiety?

Boris Johnson (Mayor of London): There are many targets that are stretching. The 100,000 homes will be a record. We are on 80,000 now. It has never been achieved before in any mayoralty.

The target for apprenticeships, perhaps, would be one that we could talk about where we set a very ambitious goal for 250,000 over this mayoralty. Since the 2012 election, we have helped produce 93,000 or so. We are probably at around 180,000 now. I must be very candid with you. To get to 250,000 is going to be a stretch but we are still fighting for it. The reason though that it is going to be a stretch is a good one or a positive one, in the sense that it is because the number of people in work has so greatly increased and the number of people not in education, employment or training (NEETs), the people were particularly trying to reach with the apprenticeship scheme, has fallen so low. Obviously, that is a factor. On apprenticeships, a lot of the low-hanging fruit has been plucked, as it were, and businesses have found huge numbers of apprenticeships and I congratulate them. We have to work harder and we have to do more. I am saying at this stage I hope very much it will still get to 250,000. It is going to be a stretch, but that is only because the employment situation in London is so positive at the moment and we should understand that.

John Biggs AM (Chairman): We will delve into that a bit further later on.

Boris Johnson (Mayor of London): In other words, people who might have been candidates for apprenticeships are getting jobs.

John Biggs AM (Chairman): I know you are irrepressible but I am the Chairman and I will try to be balanced and fair.

Boris Johnson (Mayor of London): Of course, forgive me. An extremely good Chair, too.

John Biggs AM (Chairman): As I always am, of course, and you will, I am sure, observe the authority of the Chairman.

Boris Johnson (Mayor of London): Of course.

John Biggs AM (Chairman): My very final question then is: why are you increasing the TfL budget but freezing or cutting all the other bits of the budget? What is the particular issue there?

Boris Johnson (Mayor of London): The simple reason is that TfL continues to invest very substantially in projects that we absolutely have to get going across the city.

Valerie Shawcross CBE AM: It is revenue.

Boris Johnson (Mayor of London): Everywhere else, we are able to achieve our objectives without spending quite so much. That is an entirely reasonable way to approach it. The transport infrastructure investment of a kind that we are intensifying is something you simply cannot skimp on. It is very difficult to cut without doing huge long-term damage.

John Biggs AM (Chairman): We do understand that but you are increasing the revenue budget for TfL, not the capital budget. Your main budget item here today is the revenue budget.

Boris Johnson (Mayor of London): Yes, out of that revenue budget of course come the debt service costs, which go towards servicing the expanded borrowing programme for the capital. Can I give itemise some of those revenue costs for the benefit of the --

John Biggs AM (Chairman): Can you perhaps focus on one particular question? You appear to be spending capital on your revenue budget this year. We discussed it at the meeting last week and Mr Hendy [Sir Peter Hendy CBE, Commissioner, TfL] conceded this was the case. There was a cash flow reason for it. Let us not get too buried in numbers. I know that is not your strongest area.

Boris Johnson (Mayor of London): Often the difference in capital and revenue spending is fairly theological, but in this case I am told that it is a timing difference between capital resources being deployed for capital purposes. David, if you want to amplify that, at the risk of being --

David Gallie (Assistant Director - Group Finance): Effectively, what is happening is TfL is cash-rich on capital and so it is not deploying the capital resources to support revenue. We are looking at a clearer way of expressing that in the draft budgets you will consider later on in your process.

John Biggs AM (Chairman): You are spending capital on revenue during this year?

David Gallie (Assistant Director - Group Finance): The TfL budget shows that the capital resources are being used to support operating expenditure, but that is a misleading way of expressing it and we will try to find a clearer away.

John Biggs AM (Chairman): It does not sound very misleading to me. It sounds like you are spending capital money on revenue expenditure.

Boris Johnson (Mayor of London): It emphatically does not mean that the capital projects that we had going will go unfunded. Let us be clear about that.

John Biggs AM (Chairman): Let us put the question a slightly different way. I am sure we will investigate transport in a minute. I will be very brief. It depends on the length of your reply. We have tried to get you to answer the question in the context of TfL, but the other way of asking the question is that every other area is able to achieve cutbacks in the revenue budget and TfL is not. What is so special about TfL that it remains so flabby by comparison?

Boris Johnson (Mayor of London): A couple of points. TfL is spending a huge amount on programmes that are absolutely vital for London in revenue costs. Crossrail Services: Shenfield, Liverpool Street £79 million; Bus Contracts Commission, £72 million; West Anglia Rail Division, £52 million; cycling programme, part of the £913 million, £52 million, and so on. These are very considerable revenue costs that we are incurring. It is, I am afraid, not true to say that TfL is profligate or a fatted cow or whatever you have just said.

John Biggs AM (Chairman): 'Flabby', I think it was.

Boris Johnson (Mayor of London): Flabby. It is outrageous to call TfL 'flabby' when you consider that we have disposed of at least 40 buildings and continue to flog buildings in TfL across London. Twenty-five percent of the directors have long since disappeared. We are delivering £16 billion worth of efficiencies to 2020, £4 billion of savings have already been delivered through to 2013/14 and £8 billion is secured for future

years. Examples of savings at TfL are £27 million from the re-let of the ticketing contract and cash-free buses, which is a huge saving to the transport in London.

John Biggs AM (Chairman): We have all of these savings and yet it needs more money?

Boris Johnson (Mayor of London): There are massive savings to London Underground through Fit for the Future stations. £181 million was saved by the measures that everybody supported, did they not, to reform ticket offices? Yes.

John Biggs AM (Chairman): Yes, I am sure everyone does. Yes.

Boris Johnson (Mayor of London): I think they did or did they not?

John Biggs AM (Chairman): Carry on.

Boris Johnson (Mayor of London): Did they support the savings from ticket offices and the £181 million? I think they did.

John Biggs AM (Chairman): We will take that as an answer.

Boris Johnson (Mayor of London): OK, that is good news. We will continue with that programme. There is £310 million in savings through more efficient Tube track maintenance and --

John Biggs AM (Chairman): Can I interrupt you again?

Boris Johnson (Mayor of London): Yes.

John Biggs AM (Chairman): You are listing all these wonderful achievements with savings and yet --

Boris Johnson (Mayor of London): The reason we have to spend so much --

John Biggs AM (Chairman): -- the revenue budget has gone up. Can you explain that?

Boris Johnson (Mayor of London): I tried to explain some of the pressures on TfL revenue spending. Obviously revenue spending will inevitably go up as you take on responsibilities and as you run an ever bigger service. The capacity on the Tube has massively increased. We are running more buses than ever before or not particularly as it happens today, but generally speaking. We are running a bigger service and we have a huge amount of revenue costs to cover.

John Biggs AM (Chairman): We will explore this a bit further on. Everyone in this room, with possibly one exception, recognises that for good reasons as well as bad, TfL is a sort of cash cow now, but we can explore the cash cow issue a bit later on.

Boris Johnson (Mayor of London): OK.

John Biggs AM (Chairman): We will move on to a happier area about policing and Joanne McCartney.

Joanne McCartney AM: Mr Mayor, we know that there are lots of challenges in budgets with policing at the minute. From the evidence we heard last week from the Deputy Commissioner and Deputy Mayor for Policing

and Crime, those challenges are going to get a lot more difficult next year and in the years after. Last year, your Deputy Mayor for Policing and Crime [Stephen Greenhalgh] said that when he arrived at the Mayor's Office for Policing and Crime (MOPAC), the Metropolitan Police Service (MPS) and the Metropolitan Police Authority (MPA) had no savings plan in place at all. Do you agree with that assessment?

Boris Johnson (Mayor of London): I do not agree with that in the sense that what happened in 2012 when Stephen [Greenhalgh] took over as Deputy Mayor for Policing and Crime, certainly after the Olympics in 2012, we had to move into a post-Olympic era. Clearly, very substantial resources were kept in policing up through the Olympics. It was important to defend budgets after the Olympics but also to come forward with proposals for reform in making the MPS as efficient as possible. To say that in the previous regime there were no efficiencies made would be complete nonsense. Huge savings were made. John [Biggs AM], the Chairman, has been kind enough already to accept that the decision taken by Kit Malthouse in his period as Deputy Mayor for Policing to borrow to fund the purchase of the New Scotland Yard building in the confident expectation that the value of the building would appreciate, much to the benefit of Londoners, was entirely right. That has turned out to yield about £300 million for Londoners. That seems to me to be a sign of great prudence and foresight.

Joanne McCartney AM: What your Deputy Mayor for Policing and Crime stated was that when he started, he expected a Rolls-Royce plan to deliver savings that we all knew were coming. He talked about the Olympic issue but then said there was a new team at Scotland Yard and no plan to deliver the savings. You are saying that you thought there was a plan; it just perhaps was not evident to your new Deputy Mayor for Policing and Crime.

Boris Johnson (Mayor of London): There was a plan to deliver savings and it is certainly the case that the fiscal environment post the election in the next year or so will be tough. You have heard what the Commissioner has had to say. We are confident that with the budgets that we have we can support police officer numbers as they are, at or around 32,000, to 2015/16 and to 2016/17, which is obviously as long as I am Mayor and beyond.

John Biggs AM (Chairman): It is not very long.

Boris Johnson (Mayor of London): It is a jolly long time.

Joanne McCartney AM: On the police numbers issue, we have had debates in here and elsewhere and it is quite clear from the figures that since the Olympics or before then, we have not actually reached your 32,000 police officer number. Part of the savings have been made by freezing recruitment and holding numbers down. The Deputy Commissioner has accepted that that is the case. You hope to get back up to a 32,000 figure shortly, as long as your recruitment plans go to plan. Beyond that, if we are looking at £800 million worth of savings in the future, do you think that once you have left office any future Mayor will be able to maintain those numbers?

Boris Johnson (Mayor of London): Yes. As I say, we are confident that the funding will be there for 32,000 officers for 2016/17. I just remind you that when I came in, net of trainees, there were actually 30,656 officers and so we are not doing too badly. The number in November last year was 31,434. It is forecast to hit 32,000 in March, according to our latest projections. That is pretty good going. London is unlike forces around Britain, many of which have seen substantial reductions in frontline police numbers. That is the wrong way to go. It is crucial to keep police numbers high. They play a huge part in building public confidence and in driving down crime.

Joanne McCartney AM: Mr Mayor, I would agree with you on that but of course at the same time we have also seen police community support officer (PCSO) numbers reduce by about 60%, which are again frontline uniforms on the streets of London.

Boris Johnson (Mayor of London): I accept that, Joanne. Many members of the public, of course, are happy to see a PCSO. They are even happier to see a warranted officer and it is great to see the numbers of warranted officers so high in London and they really are making a difference.

Joanne McCartney AM: It is good that you are recruiting again after years of numbers reducing. We know that approximately £800 million is expected in the next spending review. Given that, what do you believe are the main challenges that the MPS faces going forward?

Boris Johnson (Mayor of London): You have mentioned the most important and the Commissioner has been very candid about it as well, but we can do it. There is scope for saving. The Deputy Mayor for Policing and Crime, Stephen Greenhalgh, is very confident. You have seen what we were able to do just with one property deal. It may be that there are other ways of making savings that will help us to get to the place we need to be, but I am confident that we can do it without having to raid police numbers.

Joanne McCartney AM: Can I ask you then, Mr Mayor, how you think that should take place? How do you think the MPS is going to change in order to make those savings?

Boris Johnson (Mayor of London): In continuing what we are doing. One issue we have discussed many times in this place is, if you have a top-heavy MPS or the bulk of the money is going on salaries, how do you make savings there whilst keeping a decent progression?

Joanne McCartney AM: This is the rank structure?

Boris Johnson (Mayor of London): The rank structure. That needs to be handled sensitively but it may be that there are things that can be done there. How do you reform the back office? How do you make further savings there? Are there things that we could do to integrate the MPS with the criminal justice system to save money for both? On a subject which we will come to later, the integration of the blue light services could be progressed.

In a way, having to make savings can be challenging but it can also be very healthy for institutions because it can drive reform. We are all part of bureaucracies in one way or another and we all know how they work. Fundamentally, people create fiefdoms and baronies and they are very reluctant to see them interfered with. You have to work out sometimes whether you can sensitively amalgamate or cross-pollinate or integrate in ways that perhaps to begin with upset people's egos. That is what it is all about. In the end, these are how savings are delivered. If you look at the integration of the GLA group, the single biggest difficulty that we have faced there is the *amour-propre* of the individual human resources (HR) departments and information technology (IT) departments --

Joanne McCartney AM: We are coming on to that in a minute and so I am not going to pre-empt those questions.

Boris Johnson (Mayor of London): -- that feel they are running their own show. You need sometimes to override that.

Joanne McCartney AM: Two proposals that were raised last week by the Deputy Commissioner for Policing were changing not only the rank structure but the structure of the different borough command units. The Deputy Commissioner said, "If we are looking at 2020, would we see a chief superintendent in each borough?" He said, "Probably not".

Boris Johnson (Mayor of London): Sorry, who said that?

Joanne McCartney AM: Craig Mackey, the Deputy Commissioner. Is that something you are actively talking to the MPS about at the moment: how they would structurally change policing in London?

Boris Johnson (Mayor of London): The discussions I have had are really the ones I have share it with you, which is that in every borough there should remain a senior nominated figure who is accountable for policing in that borough.

Joanne McCartney AM: The question is, in what seniority?

Boris Johnson (Mayor of London): What particular rank that individual holds I have not been prescriptive about.

Joanne McCartney AM: Secondly, Stephen Greenhalgh and the Deputy Commissioner accepted that we would have to have another round of building sell-offs, possibly further police stations, whatever. Is that something that you are actively looking at, at the moment?

Boris Johnson (Mayor of London): We are not actively looking at a further programme at the moment. As you know, we had a very considerable round of building sales. If there is scope then I am sure people should look at it, but I am not aware of any such programme at the moment.

Joanne McCartney AM: OK, thank you.

John Biggs AM (Chairman): Just a couple of tidying up things, then. You are clear that there should be someone identifiable who is a borough representative?

Boris Johnson (Mayor of London): Yes, that is my strong feeling, John.

John Biggs AM (Chairman): You avoided using the word 'accountable' in that because --

Boris Johnson (Mayor of London): No, I believe I did use the word 'accountable'.

John Biggs AM (Chairman): That person would be accountable?

Boris Johnson (Mayor of London): Yes.

John Biggs AM (Chairman): That means that they could actually pull levers and things would happen?

Boris Johnson (Mayor of London): Yes, there should be somebody who should be --

John Biggs AM (Chairman): One of the anxieties is that you hollow things out at the borough level to such an extent that you pull a lever and there is nothing there. It then needs to be a bureaucracy which sends a

requisition off and seven months later they say, "Sorry, you cannot do it". You are clear that that is not an option?

Boris Johnson (Mayor of London): There needs to be a strong sense amongst people in a borough that there is somebody, some particular police officer or some individual who is in charge (IC) of that borough. What rank that person holds does not seem to me to be terribly important provided it is clear who they are and that they carry the can and they call the shots.

John Biggs AM (Chairman): There is another thing, if you indulge me. I am the Chairman; I can indulge myself. I put the question this way because this Committee has spent a lot of time looking at this issue in some detail. Why do you fetishise 32,000 - and this is not meant to be a tribal question - rather than looking at issues of, say, productivity or issues of output in terms of confidence or the rate at which you solve crimes?

Boris Johnson (Mayor of London): It is a very, very good question and you are absolutely right. I remember at the very beginning of my time as Mayor the point was made to me, "Why not allow police numbers to fall?" I will tell you the reason. The first reason is you need to have police numbers at a high level and 32,000 is arbitrary figure, I perfectly accept, but it means that you have a substantial number of police out there. You can deploy police in large numbers.

My anxiety about allowing savings to be made by reductions in headcount of frontline officers is that you will thereby take the pressure off the reductions that you should be making elsewhere. That is my thinking. By putting a political accent or emphasis on the need for high police frontline officers, you will help to keep people focused on the need to make savings. You will say, "It is going to be absurd if it leads to cuts in the back room that are being backfilled by police officers", and clearly you need to avoid that, but that is my thinking. It is too easy perhaps - or it has been in the past - for police forces to make cuts in frontline officers and then hold out bleeding stumps and say, "Look what is happening to us. We are being massacred", when they have not really made the savings that they could on their estate, on efficiencies or whatever it happens to be. I am being very candid there. That is my thinking.

John Biggs AM (Chairman): That is actually a fairly solid answer. The logic of that then is that, yes, we need to keep merciless pressure on the back office, if you like, to make savings because police officer numbers will otherwise be lazily sacrificed. Craig Mackey said that we are talking about, potentially, £800 million in cuts on a £3.2 billion budget, which is a pretty enormous sum.

Boris Johnson (Mayor of London): It is a huge cut, but that is over a long period.

John Biggs AM (Chairman): What he said then was that - to paraphrase - when you reach the end of that £800 million it is more or less inconceivable that you will still have 31,957 officers. Therefore, yes, the rigour of your argument is that, yes, you put the pressure on the back office but you reach a point where the back office has shed all the savings it can. At that point, you have made it clear that 32,000 is not a sacred number for you and you could then look at a reduction in police officer numbers.

Boris Johnson (Mayor of London): No, under those circumstances, we are talking about quite a long budgetary period.

John Biggs AM (Chairman): 'Long after you have gone' is the phrase that we are looking for here.

Boris Johnson (Mayor of London): What needs to happen - and I am very happy to make this argument on behalf of myself and future Mayors - is that people in the Government need to recognise the needs of London.

As a growing city with big gaps in wealth, with huge potential social problems, London needs proper policing and it needs proper funding. I will be certainly making that case as long as I am here.

John Biggs AM (Chairman): OK, thank you very much.

Joanne McCartney AM: Yes, it is about the police numbers debate. The Commissioner said that he thinks 32,000 is about right. He points to the issue of an extra 1.5 million Londoners by 2030.

Boris Johnson (Mayor of London): Absolutely.

Joanne McCartney AM: We also know from the 2011 riots that resilience and having officers with warrant cards to get out on the streets is needed. I am just wondering whether there has been any work done about what actually is the right or needed number. A lot of it seems to be guesswork. Going forward, there needs to be a robust case as to why we need that resilience.

Boris Johnson (Mayor of London): Your logic is completely right, Joanne. With a city that is growing in the way that it is, we are going to need to find more and ultimately, if we are going up to 11 million by 2050, as we are predicted to do, yes, the force will have to increase. We will also benefit from increases in business rates and council tax. There will be more money coming in to help us pay for those increases in numbers.

Gareth Bacon AM: Earlier on, in the previous session of questioning, you were asked how the MPS was going to change to make the savings and you alluded in your answer to back office savings. That was something we heard about from the Deputy Commissioner and the Deputy Mayor for Policing and Crime last week, particularly on the 007 Commercial Plan for the seven different back office functions and getting them to compete with private sector organisations and possibly to contract them out.

What do you see as the risks and opportunities of doing that? What are the risks and opportunities of competing and perhaps outsourcing the back office functions?

Boris Johnson (Mayor of London): I would have thought that there are plenty of opportunities and plenty of back office functions that can be competed for and can be outsourced, obviously IT, that kind of thing, or legal services. There may be limits. The risks I suppose are risks of making sure that there are no security breaches, no interference with the criminal justice system and that kind of thing. I do not see why that should happen. For instance, we are working to have much more cross-GLA group procurement of things that are not particularly complex. We are looking at maybe savings on joint procurement expenditure across the GLA group of £565 million. There will be an operation done basically with TfL managing it to try to do things in common.

There are potentially huge savings to be made. The risks really are what I was talking about earlier. It is the sense that people have that they have their own fiefdom, their own barony, their own job or silo. Just to give examples on working with the emergency services that we are trying to do together, the police and the ambulance and the Fire Brigade are already discussing control rooms and mobile communications technology and whether there is more progress that can be made there. On managing estates, the facilities management are doing that together. There is leadership development, procurement and commercial development, properties and so on, and whether there are economies that can be made there. The key risk I see is just the willingness and the capacity to push it all through. That is the crucial thing.

Gareth Bacon AM: One of the other potential risks is that the idea of public sector organisations outsourcing certain functions to the private sector is not a new one. It is something that has been on the table for some years now in many public organisations. The Public Accounts Committee this time last year published a report

into Government contracts that have been outsourced and how well-managed they had been by Government departments. They were quite scathingly critical.

When we put that to the Deputy Commissioner last week, he acknowledged that certain contracts that the Mayor has already contracted out, such as cleaning, which I think is one of them --

Boris Johnson (Mayor of London): For the MPS?

Gareth Bacon AM: For the MPS, yes. He acknowledged that the MPS perhaps had not managed those contracts as well as it might and that going forward it would need to improve if it is going to contract out the seven different business areas. Do you have confidence that the MPS is capable of managing outsourced contracts effectively enough or do you see that as a risk?

Boris Johnson (Mayor of London): Obviously, that is a concern. I have great confidence in the MPS and the MPS's leadership generally. You are quite right, Gareth, in saying these things have to be watched and that they can go wrong. IT is a particularly difficult area and, no matter vigilant you are, what can happen is that suddenly the tech guys will tell you, "I am sorry. We screwed this up. You are up for another £50 million". These are very, very tough things to manage for all Government departments.

Would we do better to bring them all in-house? I am afraid I do not think so. I would love to tell you there is an ideal perfect solution to this but I am afraid you just have to have some very tough managers and people who really know what they are talking about and what they are doing.

Gareth Bacon AM: An associated issue is in the world we live in today. With IT being as it is, it is not necessary all the time to have people doing the work living and working in the same city as their clients. Is that something that would concern you particularly if some of the companies that bid for the work and potentially won it were based outside London? Would you be looking to promote London companies for taking this work? Also, very importantly, considering the campaign that you have personally led, would you prefer to see them all being paid the London Living Wage?

Boris Johnson (Mayor of London): I would like to see people being paid the London Living Wage, but you have to strike a balance. I have been to see people writing software programs for the railway in Bangalore or in Hyderabad or wherever we were. Hyderabad, I think it was. I am afraid very often it is not just a question of the cost; you have to go where the skills are. That - alas - is because of a shortage of coders and coding in this country. That is what we are driven to do. I would love it for all that stuff to be done by Londoners. We campaigned for coding to be taken up in our schools and we are trying to increase our ability to do that and to get female coders in particular, to get women taking it up as well, but you have to deliver a service now and you have to deliver upgrades now. You have to go for the people who can actually do it. In an ideal world of course it would all be done in the UK, but that is not always possible.

Gareth Bacon AM: Thank you, Mr Mayor.

John Biggs AM (Chairman): Is there a risk then that you have a schizoid Mayor who on the one hand says, "We need to grow London's skill base and here is a bunch of high-skilled, well-trained supported jobs", and on the other hand says, "To achieve savings in the MPS we need to outsource them", and they may go to Bangalore or --

Boris Johnson (Mayor of London): No, there is no contradiction.

John Biggs AM (Chairman): No contradiction?

Boris Johnson (Mayor of London): The outsourcing could be to dynamic London start-up companies based in Shoreditch or wherever.

John Biggs AM (Chairman): We know that it tends to happen on price and if it is a relatively repetitive activity --

Boris Johnson (Mayor of London): No, but that is the point I just made to Gareth. Actually, it is not on price. It is on the ability to crunch through the program and work. You talk to our guys and you talk to people who manage the train network. I think back to the Jubilee line upgrades and the transmission-based train control network thing where we had this massive programme to do the software. It was unbelievably complicated stuff because it was putting a whole new system on the old line. There was a colossal need in this country for people who could do that coding and do that software and actually we had to go all over the world. We had to go to Canada; we had to go everywhere to get it done. This is a comment on the UK economy. Yes, we need more coders and we should be championing that in schools, as we are, but we have to work with the workforce we have.

John Biggs AM (Chairman): I used to be a humble coder and look what happened to me.

Boris Johnson (Mayor of London): Are you really?

John Biggs AM (Chairman): Shall we move on then to the fire issue and Darren Johnson?

Darren Johnson AM: Yes, thank you, on to the Fire Authority. Mayor, if you require the London Fire and Emergency Planning Authority (LFEPA) to sell one of its sites to a free school for much less than it could otherwise achieve, will you meet any shortfall in capital receipts?

Boris Johnson (Mayor of London): I understand the anxiety, but I will just make a couple of points. The first is that I will not allow a massive shortfall. If it is a question of encouraging a school to go in, it seems to me to be a desirable objective, given what we are seeing today with the massive demand for school places in London. There is a desperate need for schools. It is an important objective for our city to have more good schools. I would just point out that all the projections for the receipts from the sites at Silvertown and Bow and at Southwark, even if you are allow less-than-best consideration, would be more than LFEPA had budgeted for or predicted because of the strength of the market. As I say, there are two points. First of all, I will not allow a big gap. Secondly, schools are a good thing. Third is the --

Darren Johnson AM: When you say you will not allow a big gap, how will that manifest itself?

Boris Johnson (Mayor of London): You have to weigh it up. For reasons of commercial confidentiality, it would be wrong for me to go into the discussions now about --

Darren Johnson AM: Although there are some clear national rules in terms of how big the gap can be, you would not allow something to go outside of that gap that is laid down nationally, would you say?

Boris Johnson (Mayor of London): As you know, we would have to go to the Secretary of State [for Education] for permission for this anyway, but it would be reasonable. The other point I would make to those who oppose a decision to incorporate a school in an ex-fire station --

John Biggs AM (Chairman): That is not the point.

Boris Johnson (Mayor of London): -- is that I would point out that that would be perverse and paradoxical because actually those same people were arguing for no receipts at all because they were opposing the sale of all the fire stations. It seems to me to be a little bit peculiar that those same people should now be arguing for the property to be exclusively turned over to luxury flats or whatever, when actually there might be a prospect of building a school there.

Darren Johnson AM: There are the arguments about what people would like to see the sites used for and I am sure across the table we have all sorts of things that we would like to see: community facilities, social housing, schools or whatever.

Boris Johnson (Mayor of London): Those are all expenses. Wait, you cannot have it both ways. You cannot have it both ways. I am sorry. You --

Darren Johnson AM: Let me lay out the dilemma. There is also the statutory obligation on LFEPA members to secure the best reasonable price and so it is a dilemma, is it not?

Boris Johnson (Mayor of London): Yes, Darren, it is a dilemma and it is a respectable dilemma for a city to have. We have huge pressure on housing that we have to satisfy and we can do that. We are very lucky that the values that we are going to get well exceed predictions. The question is, as you say, there are other good objectives that you could satisfy and so what is a reasonable price? What is a reasonable cost that we could expect?

Darren Johnson AM: Should LFEPA members ignore their statutory obligations in this regard?

Boris Johnson (Mayor of London): No. They should --

Darren Johnson AM: There are such important social factors that the statutory obligations are irrelevant. Is that what you are advising LFEPA?

Boris Johnson (Mayor of London): I thought that you just said that you accepted that there were other good uses. You did not spell out what they were.

Darren Johnson AM: How do you meet those other uses within the framework of the law?

Boris Johnson (Mayor of London): The legal position is obviously I would like all bids to be as near as possible to the best consideration.

Darren Johnson AM: As near as possible to illegal.

Boris Johnson (Mayor of London): The technical position is that the Secretary of State has to give permission and that is quite right. I hope very much that he will, given the massive pressure on school places in London.

John Biggs AM (Chairman): Those of us who have been in local government will know that this is a standard process that you go for a lesser consideration now. I do not think this is the committee at which we decide your ideological priorities. That is dealt with elsewhere.

Joanne McCartney AM: I have a couple of questions if I may. One of the things we knew from the sale of New Scotland Yard was that the professional valuation that had been done on it was woefully inadequate. It actually went for £140 million, I believe, more than predicted. You have just said in response to Darren [Johnson AM] that you would expect from the sale of fire stations to get more than was predicted. I am just wondering how confident you are that your current valuations on the current commercial value of those sites are actually accurate.

Boris Johnson (Mayor of London): Obviously these valuations are very difficult to make and the market has been very strong. Whether that will be borne out in the eventual price it would be foolish to speculate, but I am told that the preferred bids are significantly above what we had assumed and the receipts will be significantly in surplus. That is all I can say.

Joanne McCartney AM: The second question then is that you, as Mayor, do not have statutory responsibility for schools and that is a local authority and Department for Education function. You may choose to get a lower value for somebody else's functions but if you do sell these to free school organisations, what plans do you have to try to recoup the loss to London, perhaps from the Department for Education and of itself? Have you actually looked at that?

Boris Johnson (Mayor of London): A very good question. The Department for Education will have to step up to the plate and help fund this thing. I am sure they will be. We certainly would not be doing this if the authorities concerned were not also supportive of the schools and if people did not want more school places. I was under pressure this morning to say what we are doing to help deliver more schools in London. If you have public buildings that become available to help satisfy the problem with massive demands on space in the city, it seems only sensible to work to do that.

Joanne McCartney AM: The danger though is what happens to the opportunity cost --

Boris Johnson (Mayor of London): Yes, I appreciate --

Joanne McCartney AM: -- because when we are talking about --

Boris Johnson (Mayor of London): There is obviously an opportunity to build more luxury flats.

Joanne McCartney AM: Also social housing and affordable housing.

Boris Johnson (Mayor of London): They of course do not make any money and so you cannot have it both ways.

Joanne McCartney AM: You can have it both ways if the Department for Education will step in and fill the gap.

Boris Johnson (Mayor of London): We are certainly looking at that.

John Biggs AM (Chairman): The job of all mayors is to try to have it both ways.

Boris Johnson (Mayor of London): We certainly intend to have affordable housing on it.

Stephen Knight AM (Deputy Chair): You have said quite rightly that there is a massive demand for school places. I think everybody recognises that in particular areas of London. In particular, there is very strong

demand for school places and a strong social need. Equally, there must be a strong social need for affordable housing. I wonder if you considered at all using similar powers to direct not just LFEPA but MOPAC and other functional bodies to achieve a higher level of social housing on these sites than you might do through just the highest bidder.

Boris Johnson (Mayor of London): Stephen, we do it the whole time, every week. Every planning decision we see we use section 106 agreements to get more affordable housing.

Stephen Knight AM (Deputy Chair): You missed the point, sorry, Mr Mayor. The point is that one could take a lower sale price if you are selling to a housing association or indeed a local authority for building social housing than if you are selling to a private developer who will do the minimum requirement under planning policy.

Boris Johnson (Mayor of London): No. I am sure --

Stephen Knight AM (Deputy Chair): You could. What I am saying --

Boris Johnson (Mayor of London): I am sure that there will always be a trade-off.

Stephen Knight AM (Deputy Chair): The point is, Mr Mayor, that you are willing to do this for school places, but if you are willing to do it for school places why are you not willing to do it for social housing?

Boris Johnson (Mayor of London): I am sure we do. I am sure that --

Stephen Knight AM (Deputy Chair): You are sure that you have directed an authority or are considering directing an authority to sell to a housing association or a council for social housing? I am not aware of any such direction.

Boris Johnson (Mayor of London): For the GLA properties that we have so far sold, I will have to get back to you, Stephen, to tell you exactly what proportion is going for affordable housing. I cannot give you an answer off the top of my head. I do not know of the 70 police stations that have been disposed of how much affordable housing there has been. I simply do not know. I can find out for you and come back to you, but I would be absolutely amazed if there was no affordable housing.

Stephen Knight AM (Deputy Chair): Of course there will be some because the planning rules of the local authority and the London Plan will assist on some.

Boris Johnson (Mayor of London): That is the point.

Stephen Knight AM (Deputy Chair): The point is you could get a much higher amount if you are willing to accept a lower price, in the same way you are suggesting we ought to be willing to accept a lower price for sale of assets for schools: because of the social good. I would just like to point out that you are elevating schools to a status above affordable housing.

Boris Johnson (Mayor of London): Yes. In those cases you are effectively accepting a lower price anyway because of the affordable housing component that will be on the site. It is always going to be more lucrative.

John Biggs AM (Chairman): We do need to --

Boris Johnson (Mayor of London): It is always going to be more lucrative to develop a property for luxury flats.

John Biggs AM (Chairman): Of course it is, but the question is about the choices you make. Do you want Val quickly and then --

Valerie Shawcross CBE AM: Yes, quickly. This is not an argument about whether it is a school or not because obviously there is a big need for second places. If the Fire Authority is going to be forced to accept significantly less money for this site, the value of the site, what implication does that have for the Fire Authority's future capital programme and its future planning around balances and reserves and deployment of its capital? What it suggests is that forward planning on using its capital assets properly for the future of the service, to modernise the service and to replace fire stations could potentially get blown out of the water.

Boris Johnson (Mayor of London): Just a couple of points. It is slightly paradoxical for that point to be made when the previous argument was that there should be no such sales and therefore no receipts or whatever. The second point though is that irrespective of whether there is a school or schools on the site --

Valerie Shawcross CBE AM: When the Fire Authority needs to re-expand because you have overcut it, what happens to the capital programme?

Boris Johnson (Mayor of London): There will be a significant surplus in receipts, irrespective of whether or not we have schools on those sites.

Valerie Shawcross CBE AM: Would the GLA not seek to make up the shortfall for the Fire Authority?

Boris Johnson (Mayor of London): As I say, there will not be such a shortfall because the receipts are expected to be more than had been initially estimated in any case.

Valerie Shawcross CBE AM: What percentage do you consider to be within the bounds of reason as a shortfall?

Boris Johnson (Mayor of London): That would be to go into commercial negotiations that are now going on and you would not expect me to do that.

Valerie Shawcross CBE AM: A percentage is not a figure, though, is it?

Boris Johnson (Mayor of London): Of course it is, yes.

Valerie Shawcross CBE AM: It is a percentage. It is a margin.

Boris Johnson (Mayor of London): I do not think you need to be a particularly gifted mathematician to work out how a percentage could be applied to any particular --

John Biggs AM (Chairman): If we could personalise this, say you were to flog your house in Islington and found it was worth £1 million more than you anticipated. You would say to the buyer, "Do not worry about that £1 million. I was only expecting X. I do not need that".

Boris Johnson (Mayor of London): Let us depersonalise it, if I may, and just stick with the real world. What we are doing is realising assets that people said we should not realise. We are going to make more

money from those sales than people expected. We are able simultaneously to deliver not just housing objectives but educational objectives as well. That seems to me to be a fine thing and something the Assembly should want to support.

John Biggs AM (Chairman): We do need to move on but, from the chair, then, maybe we can do a couple of tidying-up questions outside the meeting about whether you will have a sort of Star Chamber for all disposals and what the priorities are that you apply when you consider those disposals. Clearly, free schools is one of them and I suppose --

Boris Johnson (Mayor of London): Schools.

John Biggs AM (Chairman): OK, free schools or unfree schools or in between schools or whatever, but there may be other priorities --

Boris Johnson (Mayor of London): Of course there are.

John Biggs AM (Chairman): -- which you have been too shy to tell us about and which you would equally use to forego a market receipt in favour of, but let us take that offline.

Boris Johnson (Mayor of London): Yes, play space. When people come forward with a plan for a skyscraper with no affordable housing and nowhere to play or --

John Biggs AM (Chairman): No. What we will do is we will take this offline and we will ask for something in detail from Sir Edward [Lister], I guess, who, I imagine, advises you on this stuff.

Boris Johnson (Mayor of London): OK.

Darren Johnson AM: How can the emergency services make savings by improving joint working?

Boris Johnson (Mayor of London): I have been through some of that in answer to an earlier question, but I will just recapitulate. Work is already being done over the amalgamation of blue-light services. It does not happen yet. It is work that needs to be progressed and it is something that obviously the national Government needs to take a lead in.

However, as I say, the chief officers of the London Ambulance Service (LAS), the Fire Authority and the MPS have been meeting and have been discussing integration of all those things: control rooms, mobile communication, estates and facilities management, leadership development, commercial procurement including shared support services and training. The LAS is co-locating information management and technology with the Fire Brigade at Union Street. The MPS Safer Neighbourhood Teams are co-locating with the London Fire Brigade at Holloway and Purley. The LAS and the MPS have the same control room computer-aided dispatch link. In view of the trouble the LAS has been in and the crisis in the LAS, this has accelerated work on joint response units. The LAS first response units carry police radios and intercept calls in order to help integrate that service, to help the police and the ambulance integrate, to avoid duplication and also to avoid the police having to wait around for ages when they do not need to.

Darren Johnson AM: In your final year as Mayor, then, what are you actually going to do to drive this forward? Is it just incrementally more of the same and we will see a safer neighbourhood unit here co-locating and so on, or is there going to be more --

Boris Johnson (Mayor of London): You want me to make a power-grab?

Darren Johnson AM: -- radical actual delivery in the final year, or are we just going to see some small incremental changes and lots of radical-sounding rhetoric that a future Mayor may be able to pick up sometime in the future?

Boris Johnson (Mayor of London): What you are really asking is: am I going to take over the --

Darren Johnson AM: Are you going to do anything?

Boris Johnson (Mayor of London): No, we are doing a lot. But am I going to take over the LAS? That is the key question. At the moment, there is no prospect of that and no plan for that. It is a National Health Service (NHS) Trust. It runs on a different basis. It would be a very big thing for City Hall to take over the LAS because ambulances these days are part of frontline delivery of medical services. They are incredibly well-equipped. They are basically mobile hospitals and mobile operating theatres. We would be taking on a whole new type of service. It would be a very different thing and a whole new ballgame for us and we would need to think very carefully about whether that is the right fit, given that we have no role in health and no budgets in health at all.

We are not integrated into the conversation about the management of healthcare systems in London. We should be. It is the way forward. I have to say that I was before the Health Committee yesterday going over some of the frustrations I have had. For the GLA to take over the LAS is a pretty big chunk of healthcare in London that we would be taking over.

Darren Johnson AM: At this time in a year's time, what are we likely to see?

Boris Johnson (Mayor of London): The priorities are joint procurement and driving down the costs of procurement. They are things like building maintenance and the agencies that run buildings doing all that together and maintaining property together. We can make a lot more progress on that. I mentioned earlier the group that is engaged in driving that forward. There are 27 people already working on it and trying to drive down expenditure.

Darren Johnson AM: Will we actually see concrete plans being delivered 12 months from now in terms of change?

Boris Johnson (Mayor of London): Yes, you will.

Darren Johnson AM: Not just ideas?

Boris Johnson (Mayor of London): Yes, you will. Actually, already you are seeing quite a lot of integration in the sense that the recent LAS crisis has brought us all together and we have had several meetings now with the police, the Fire Brigade and the LAS. Everybody met here in City Hall and we have gone over the issues, the problems, what TfL can do to help, what the police can do to help and what the Fire Brigade can do to help. Organically, there is an increasing process of co-operation and mutual understanding and I hope that that will start to deliver savings as well.

John Biggs AM (Chairman): As you know, my primary job in life is to be helpful to you but, more importantly, to Londoners. There are a couple of very useful pieces of work that could be done that would probably be helpful for your achievements and track record as well. There is a growing agenda from both the

right and the left – and I am indulging myself as Chairman here – to integrate health and social care. It is not about swivel-eyed lefties wanting to do it and the Tories not wanting to. There is an agenda there for change and a responsible Mayor of whatever complexion should be pushing at the boundaries of that or certainly doing some thinking about that and --

Boris Johnson (Mayor of London): I totally agree and that is something that, as you know, John, working with London Councils, is part of the push and the pitch that we are making to Government for the devolution of fiscal control to London. You have heard what Simon Stevens [Chief Executive, NHS England] has had to say about that. You are amalgamating two 'leaky buckets', as I think he put it. We have to make a pretty robust case that it can work. It can work.

John Biggs AM (Chairman): OK, but it has become apparent. We have had two Mayors now and one of their jobs is to push the boundaries and get the thinking out there. Then it helps to shape the debate. Hopefully, you will not go native when you go back to Parliament, and you recognise that --

Boris Johnson (Mayor of London): No. Actually, it is a very important commitment that you ask for. I will not go native in the sense that I will remain native.

John Biggs AM (Chairman): The other one, I guess, would be the area again which I do not even begin to understand about integrating policing and the criminal justice system in some way. That is another potential big win for the strength of London's --

Boris Johnson (Mayor of London): Yes. That is about accelerating evidence, having instant courts, remote courts --

John Biggs AM (Chairman): Again, I am indulging myself. There may be more of an ideological dividing line on bits of that, but let us see. That was just a warm-up. You are about to be beaten up by Val Shawcross now on transport.

Valerie Shawcross CBE AM: I am in a good mood today, John.

Boris Johnson (Mayor of London): I cannot believe Val is going to want to beat me up about anything.

Valerie Shawcross CBE AM: When I have ever beaten you up, Boris?

Boris Johnson (Mayor of London): I do not think I have ever been beaten up properly by Val yet. This could be it.

Valerie Shawcross CBE AM: Let us belie John here. Let us start by agreeing with you on something. You made some comments there, Mr Mayor, about how organisations get cosy, how fiefdoms develop and how bureaucracies defend their own interests. Can you explain to me how TfL goes about setting the savings target that is in this paperwork here? How does it actually go about it? Who comes up with the figure? What is the process?

Boris Johnson (Mayor of London): Shall I tell you the way? We had this argument a great deal on the eighth floor with TfL. I am continually concerned that Londoners should get value out of their transport network. If you remember, we started six years ago with Project Horizon and the work that was led by Daniel Moylan [Deputy Chair, TfL] and [Sir] Peter Hendy [Commissioner, TfL] and that took out a huge amount of money and continues to result in the closing-down of buildings and of substantial economies.

If you are asking where the pressure is coming from, it is coming from the mayoralty, which is on the front line. What the mayoralty has to do is to take the heat from Londoners for fare increases. It is a very good system because it means that I have a massive political incentive to tell TfL to cut its costs. Otherwise, there is going to be a revolution. That is entirely right. That is why we have tried to hold the fares down to RPI over the last two years and why we should continue to hold them down.

Valerie Shawcross CBE AM: Just going back to the savings target, we are talking about revenue savings. I am not talking about those previous programmes and that was good, but in recent years we have had an annual overachievement in the fare income, although it is tighter this year but for the previous five years. We have had a very welcome reduction in expenditure on the operations than had been budgeted and so that again is a favourable margin and is very welcome. Last year, the savings target of £137 million was dramatically overachieved at £188 million.

TfL seems to find it very easy to overachieve on fare income, underspend on operations and overachieve on the targets for revenue savings. I am not sure that that looks like there is much independent external pressure to achieve the best value for tax- and fare-payers. Then, if you look at where TfL is this year, clearly, it is doing what Isabel Dedring [Deputy Mayor for Transport] called 'salami slicing', rather than the really major restructuring that other services are looking at.

Explain to me how you operationalise your pressure on TfL for financial efficiency. What is the mechanism you use to apply the external financial pressure? Who comes up with the target for savings for TfL?

Boris Johnson (Mayor of London): The answer is that I do. The programme is driven by the need to deliver all our investment requirements and the need to keep fares as low as we possibly can. I am assisted by the Independent Investment Programme Advisory Group (IIPAG), as you know, and by David James [Chair, IIPAG, TfL], who comes and advises us on how well he thinks TfL is managing its vast capital programme and --

Valerie Shawcross CBE AM: Back on to the revenue, though, Mr Mayor, how do you come up with the figure? Is it something that just Peter Hendy advises to you and you say, "Yes, OK, thanks, Peter"? Do you have a Star Chamber process within TfL where you sit on the senior officers and say, "Come on, you can do better than that"?

Boris Johnson (Mayor of London): No. There are two figures. One is obviously the programme of investment that TfL has to deliver --

Valerie Shawcross CBE AM: Yes, but can I talk about the revenue and not the capital at the moment?

Boris Johnson (Mayor of London): -- and the second is the fares box and what is humane and reasonable. They have to deliver a colossal service and investment within that framework.

They also have to get more money out of and monetise some of the opportunities they have. I am pleased to say that in the last three years there has been a huge increase in commercial revenues. I know that Dick Tracey [AM] will be thrilled to hear this. There is £3.4 billion net of commercial revenues that we are expecting over the next ten years, £1.2 billion from advertising, £1.1 billion from commercial property development and £800 million from property rentals. It is solid, free market, privatising stuff.

Valerie Shawcross CBE AM: Mr Mayor, that is all really good and admirable. I am just trying to get out of what process you go through – whether it is the Mayor’s Office, whether it is with Isabel [Dedring] – to actually offer this healthy challenge to TfL’s senior managers about their savings targets. When do you tip TfL upside down and see how much change falls out of its pocket?

Boris Johnson (Mayor of London): Every week.

Valerie Shawcross CBE AM: How do you do it? Who sits with you when you do it?

Boris Johnson (Mayor of London): I do not want to give away the sacred details of the mayoral meetings with TfL.

Valerie Shawcross CBE AM: We want the sacred details because if you are not doing this properly, Mr Mayor --

Boris Johnson (Mayor of London): It will be no secret to you that we have a very good --

Valerie Shawcross CBE AM: -- the fare-payers end up paying more than they need to.

Boris Johnson (Mayor of London): No, I do not think that is true.

Valerie Shawcross CBE AM: Throw some transparent light on how you get TfL to be as efficient as it possibly can be on the revenue side. Do you just dream this savings target up yourself while you are at a cocktail party? You must have a process.

Boris Johnson (Mayor of London): Unlike the previous Labour Mayor, I do not go to cocktail parties, nor do I overindulge unlike the previous --

John Biggs AM (Chairman): Do it in Davos, then.

Valerie Shawcross CBE AM: When you are in Davos --

Boris Johnson (Mayor of London): I am giving Davos a miss this year.

Valerie Shawcross CBE AM: Sorry, that is a distraction. Sincerely, Mr Mayor, when you are thinking, “Come on, savings targets, TfL”, and you are looking at the fact that it has done quite well in these areas in the past, how do you decide and come up with the figure that is going to offer that challenge?

Boris Johnson (Mayor of London): Very simply.

Valerie Shawcross CBE AM: You have talked very accurately about fiefdoms, bureaucracy and organisational self-defence. Where is this healthy challenge and how do you do it?

Boris Johnson (Mayor of London): I do it by insisting that they keep the fares as low as possible and that it continues to deliver the enormous savings that it has. I can repeat the efficiencies that we have secured. I think most Londoners would accept that there has been a pretty serious programme of changes to the ticket offices and to the manning of the Tube, which is one of the biggest revenue expenditures. If you think about it, one of the biggest revenue expenditures is the management of the Underground and the workforce there. You have seen very substantial changes there. A considerable number of posts have been either changed or

deleted. I take no particular joy in that but there has been a very big change there and, as I say, a 25% reduction in the number of directors as well.

Valerie Shawcross CBE AM: If you have a rigorous process of setting savings targets, Mr Mayor, why do you think they have found it so relatively easy to overachieve on those savings targets?

Boris Johnson (Mayor of London): It has not been easy. If you look at what we are doing across the network, it is very difficult. We are running --

Valerie Shawcross CBE AM: Do you know of any organisation that had a target of £137 million in savings and then actually managed to achieve £188 million? That is an incredible percentage, which is very welcome --

Boris Johnson (Mayor of London): I am glad. You should hail the achievement.

Valerie Shawcross CBE AM: -- but it does suggest the savings target in the first place was not really rigorous enough.

Boris Johnson (Mayor of London): No, there is a further £4 billion still needed to be found by management action in the next few years and we will be holding them to that. We will be holding their feet to the fire.

Valerie Shawcross CBE AM: That is helpful.

John Biggs AM (Chairman): £4 billion? Where does that come from?

Boris Johnson (Mayor of London): We have talked about getting £800 million out of the police budget. In addition to the £8 billion savings currently that we think we can secure, we have told them they need to find a further £4 billion in the next seven years. That is a very significant saving and what you --

John Biggs AM (Chairman): The way TfL does it, the £4 billion will be over ten years or something and so it will be --

Boris Johnson (Mayor of London): Seven years.

John Biggs AM (Chairman): Seven years? Therefore, it will be £500 million a year or something. Carry on.

Valerie Shawcross CBE AM: OK, thank you, Chairman.

Boris Johnson (Mayor of London): That is a lot of money.

Valerie Shawcross CBE AM: It is a lot of money and it is always eye-watering figures for TfL.

Boris Johnson (Mayor of London): It is doing a big job in a big city.

Valerie Shawcross CBE AM: Let us just go to the fares decisions this year. One of the things that happened this year was that we all welcome the amendments to the peak fare cap to make life easier for part-time workers. Tick.

Boris Johnson (Mayor of London): Yes. The GLA Conservatives played a leading role in that, I seem to recall.

Valerie Shawcross CBE AM: We liked that. We all asked for it. Tick. However, some of it was paid for by an impact on the off-peak cap. You offset the benefit to the part-time workers on the peak cap by making life much more expensive for people in the outer London areas travelling off-peak. For example, somebody who is using pay as you go between zones 1 and 6 has actually had a 38% increase. The cap has gone up and so they carry on paying as they use their card. It is a dramatic amount of money.

Last week, Stephen [Knight AM, Deputy Chair], I think, challenged Peter Hendy about why you were robbing Peter to pay Paul like this. This has a very dramatic impact on the lives of people trying to travel off-peak, some of whom are part-time.

Boris Johnson (Mayor of London): We are robbing Paul to pay Peter.

Valerie Shawcross CBE AM: Peter Hendy's main answer - and forgive me if I am paraphrasing this - seemed to be that it does not matter because it is only 25,000 people affected. Would you say that was a fair assessment? There was not a reason. All he said was that it is not really very significant.

I actually tried to do some work to work out how much it has brought in and my best calculation is that about £20 million has shifted from these off-peak payers to the peak payers there, £20 million in a context where TfL can over-deliver on its savings targets by £50 million has in the past delivered enormous - much bigger than that - figures on overachievement on fares and underspends. It is about £80 million in underspend on operations, it is looking like, this year. Why would you impact on those off-peak fare-payers for that amount of money when it is well within the margins of operations for TfL to have covered it?

Boris Johnson (Mayor of London): Yes, I understand completely what you are saying. The answer I would give to everybody who is buying a paper Travelcard - and we are talking about a group of people who are buying a paper Travelcard and there are about 140,000 per day - is that it is always going to be cheaper to go by Oyster or contactless. That is always going to be the cheapest option and I would urge --

Valerie Shawcross CBE AM: That option has just become a lot more expensive if you are travelling off-peak.

Boris Johnson (Mayor of London): No, we are talking about people who are buying paper Travelcards.

Valerie Shawcross CBE AM: No. The zone 1-to-6 pay as you go cap, ie when you take your pay as you go card out and you get out of your house in zone 6 and you go into inner London and you are travelling around on it, has gone up, which means the ceiling has lifted from £8.50 for off-peak travel to £11.70. I am not saying everybody would be using that much of their pay as you go every day but, if you are doing a lot of journeys that day, basically, it is harder to achieve the cap. That is a 38% increase. It has been a 28% increase for the zone 1-to-5 pay as you goers and it has been a 19% increase for the zone 1-4 pay as you goers. The Travelcard for zone 1-6 has gone up as well. Although the pay as you go is cheaper, as you say, than the Travelcard and that is quite right, the off-peak cap has risen significantly.

Peter [Hendy] said it is not a lot of people affected. The question is, if it is not a lot of people and it is not a lot of money, why did you damage the interests of those people quite so dramatically? It is a big shift in one year.

Boris Johnson (Mayor of London): Their interests are best served by using Oyster or contactless and using pay as you go.

Stephen Knight AM (Deputy Chair): It is Oyster fares, off-peak Oyster caps.

Valerie Shawcross CBE AM: Let us just talk about Oyster, Boris. The off-peak Oyster cap for zone 1-6 pay as you go has gone up from £8.50 to £11.70. We are not lying. We are not making it up.

Boris Johnson (Mayor of London): No, I understand completely the point you are making.

Valerie Shawcross CBE AM: I appreciate that this is a niche product, but it is a big move for one year.

Boris Johnson (Mayor of London): It is also pointed out, I think correctly, that the fare has gone up for children buying those Travelcards as well. I would point out that for both groups, the pay as you go system is always going to be the cheapest. Secondly, children and 90% of young people in London have a Zip card that gives them further discounts and so they ought to be able to use that.

Valerie Shawcross CBE AM: Pay as you go is cheaper, but the pay as you go this year is 38% more expensive than it was last year if you happen to be an outer London pay as you go off-peak traveller. The reason I am raising it is because we are all getting casework from people saying, "Blimey, nobody told me my fare was going to go up that much this year. We thought it was going to be RPI". There are some people and I accept it is a relatively small number of people but 25,000 people are affected by this.

It looks to me, Boris, as though you did not actually notice that and you did not know you were doing that. Can we put it to you that you might want to look at that?

Boris Johnson (Mayor of London): As I say, for the group that you are talking about, in any reshuffle of the fares, there will always be a small group of people who seem to do worse than others. I just repeat the point that it is always --

Valerie Shawcross CBE AM: It is a small number of people but it is a very dramatic increase. Look at it that way.

Boris Johnson (Mayor of London): I understand the point that you are making. It is very important that people bear in mind that the cheapest fares available are using Oyster pay as you go rather than the Travelcard in those cases. In the case of kids, they get it free anyway.

Valerie Shawcross CBE AM: Do you know what, Mayor? We can both be broken records, you and I, but for the sake of the Committee I do not want to continue to do that. However, can I just put it to you that you should look at that change? It has been very disadvantageous for a small number of people but very seriously damaging.

Boris Johnson (Mayor of London): Let me just say, then, for the benefit of the Committee that I will look at it and I will see if there is some way of palliating that.

John Biggs AM (Chairman): OK. We will write to you --

Boris Johnson (Mayor of London): You are perfectly right in what you say, Val, as it happens, that this was not the top line of the fare package that --

Valerie Shawcross CBE AM: Yes. We were very happy with the other adjustment.

John Biggs AM (Chairman): All right. We will write to you and ask you to clarify the numbers affected and whether --

Boris Johnson (Mayor of London): If I can just continue, it is difficult simultaneously for Val to make the case that £20 million is nothing and to say, "Who cares" --

Valerie Shawcross CBE AM: I did not use those words, Mr Mayor.

Boris Johnson (Mayor of London): -- when she is also asking for more savings at TfL. You have to be consistent, Val. You have to be consistent.

Valerie Shawcross CBE AM: I did not say we do not care.

Boris Johnson (Mayor of London): You can simultaneously berate us for failing to make savings and for running a tight fares package that continues to deliver value for London.

John Biggs AM (Chairman): You often use this as a device, but the reality is that you are the Mayor with the executive power and it is for you to be demonstrating to be consistent or inconsistent.

I wanted to pile another piece of agony on you, which probably for many Londoners is a relatively minor one but for quite a lot of Londoners will be a big deal. I am aware that the group travel arrangement has increased pretty massively as well. This is the thing that facilitates schoolchildren, many of whom come from relatively low-income families, travelling to museums and things. As I understand it, the rate has gone up from £1.80 to about £3.00 or something like that. It means that a class of students will have to face a far tougher decision about whether they can afford to travel.

Boris Johnson (Mayor of London): Most of them have Zip cards anyway.

John Biggs AM (Chairman): No, we need to research this. When you respond, we will ask you to address that point as well because I have been lobbied by some teachers already saying that this is a problem. Shall we take that offline, yes?

Boris Johnson (Mayor of London): I will look into it, but I want to stress --

Valerie Shawcross CBE AM: It is when they travel on the Tube. They are free on the buses but on the Tube they pay full price.

Boris Johnson (Mayor of London): -- that most of them will have Zip cards anyway and --

John Biggs AM (Chairman): If you are taking them to the Imperial War Museum or something to understand the events of 100 years ago, this will involve expenditure. If it has gone up massively, we will be anxious about that and so we will ask about that one.

Boris Johnson (Mayor of London): We have a huge bus service on which kids go free, unlike anywhere in the country, by the way.

John Biggs AM (Chairman): If they live in Enfield --

Valerie Shawcross CBE AM: Or Edmonton.

John Biggs AM (Chairman): -- or Edmonton, then we would say, "Let them use the bus"? In that case, it would not happen.

Boris Johnson (Mayor of London): There are very good buses in Edmonton.

John Biggs AM (Chairman): Val, back to your question.

Valerie Shawcross CBE AM: OK. Can I just move on to another topic? One of the areas that I think we all agree on is that we want to promote further devolution of the rail services to TfL. We think it is an extremely strong case in terms of services and efficiency.

It is perhaps not quite a budget question, but it is the first time we have seen you since London Bridge station has kicked off. Do you think that with devolution of the rail services we might have actually managed the chaos at London Bridge better than has been done by private operators and national agencies?

Boris Johnson (Mayor of London): Any transport operator would be very presumptuous to say any such thing, but certainly the case for devolution in London is overwhelming. TfL has already shown that it can do a fantastic job on the orange Overground networks. We are taking over the Greater Anglia lines, as you know. We will work very hard to do a good job there, too.

Valerie Shawcross CBE AM: What are you doing to promote this?

Boris Johnson (Mayor of London): The devolution of south east trains is a necessity and indeed an inevitability and we need to make it happen. It is the next big prize for transport in London and, if we had it, we could deliver a better service not just for Londoners but for people in Kent and the whole peri-London commuter belt as well.

Valerie Shawcross CBE AM: This is the massive game-changer, is it not, for improving transport capacity for London?

Boris Johnson (Mayor of London): It is, totally. Val, you are totally right.

Valerie Shawcross CBE AM: There is a huge shift possible.

Boris Johnson (Mayor of London): However, we have to do it together.

Valerie Shawcross CBE AM: What are you doing to make this happen, then?

Boris Johnson (Mayor of London): You will have seen in the Autumn Statement the Chancellor's reference to that option and he spoke of the extension of the Bakerloo line and also for the first time you heard reference to the role of TfL in the Overground in southeast London. That is essential. It shows that the Government is taking that argument on board. Superstitious resistance is being broken down --

Valerie Shawcross CBE AM: Do you think the Treasury buys it?

Boris Johnson (Mayor of London): The argument that you have to make to the Treasury is that it will not only enable us to deliver better services but it will help to grow the London economy and to grow their receipts. They will benefit and I think they understand that.

Valerie Shawcross CBE AM: Thank you. That is it.

John Biggs AM (Chairman): Just for the record, then, we are talking about the commuter services and not the entire southeast network?

Valerie Shawcross CBE AM: The suburban services.

Boris Johnson (Mayor of London): Yes, this is the commuter services within London --

John Biggs AM (Chairman): OK. Some of them go to places like Dartford.

Boris Johnson (Mayor of London): -- though obviously, as with everything, there will be some lines that go just outside.

John Biggs AM (Chairman): OK. We are now going to move on to a very benign area of questioning about the economy and Richard Tracey is going to lead that.

Richard Tracey AM: Thank you, Chairman. Yes, Mr Mayor, we particularly wanted to talk to you about your means of funding regeneration projects. I suppose it is fair to say that in the past, before you became Mayor, it was the London Development Agency (LDA) that would have very likely been brought in for some of these sorts of projects. However, it is becoming a view of ours on this Committee that perhaps TfL is your first option for funding regeneration projects. Would you accept that judgement?

Boris Johnson (Mayor of London): If I may say so, that is a confusion, although I can see why you might say that. Transport is critical to allowing regeneration to go ahead. Battersea, for instance, which has been totally dormant for 40 years or whatever, is only possible because we took a lead with TfL. We said we could do the Northern line extension in return for the receipts from the tax yielded by the development. We got the Government to underwrite it. The history of London and the growth of London is about the transport development. Metro-land and the development of this city is founded on rolling stock and rail and roads. That is how it is done.

However, there are loads of ways in which this GLA leads regeneration. We do it also through the London Enterprise Panel (LEP), through the housing budgets that we have and also through the Mayoral Development Corporations (MDCs). There is only one at the moment, but clearly there are more in view. Therefore, it would be an exaggeration to say that TfL is entirely responsible for regeneration, but of course transport is the driver and the leader in making things doable.

Richard Tracey AM: I would accept that where it is specifically transport - and you mentioned the Northern line extension - of course that is transport and it is in a region --

Boris Johnson (Mayor of London): It is not, no, because it is allowing a colossal site at Battersea to be rebuilt.

Richard Tracey AM: Yes, indeed. As I understand it, in the GLA Act 1999, TfL funding could be used for, quote:

"... the provision of safe, integrated, efficient and economic transport facilities or services to, from or within Greater London."

What about the Garden Bridge? What is the actual transport component, other than people walking --

Boris Johnson (Mayor of London): It is a bridge, is it not?

Richard Tracey AM: It may be a bridge --

Boris Johnson (Mayor of London): If you look up 'bridge' in a dictionary, you will find that a bridge is a means of transport. You will find that a bridge is something that conveys you from one side of a river to the other.

John Biggs AM (Chairman): Arguably, a carpet is part of the transport network, is it not?

Boris Johnson (Mayor of London): It is an indispensable means of surmounting a physical barrier. It is a piece of vital transport infrastructure.

John Biggs AM (Chairman): Would half a bridge be part of that?

Boris Johnson (Mayor of London): Half a bridge would be not much use.

John Biggs AM (Chairman): Would a bridge that is closed be of much use?

Boris Johnson (Mayor of London): Half a bridge is where we are with the British economy. We have a job that is half done and we need the Conservatives to continue it.

Richard Tracey AM: The point as far as we are concerned in this Committee is that £30 million of TfL's funding is being used for the Garden Bridge. Is that justified?

Boris Johnson (Mayor of London): Of course it is.

Richard Tracey AM: Is the extent of it, £30 million --

Boris Johnson (Mayor of London): Yes. It is clearly a means of transport and a means of communication between the north and south sides of the river that will galvanise and activate the whole of the Covent Garden and Aldwych areas, which are a bit dead at the moment, as well as south of the river. It will drive tourism and activity and growth. In addition to being a spectacularly beautiful project, it has the advantage of conveying you over the river.

Richard Tracey AM: You are happy about spending --

John Biggs AM (Chairman): The record suggests that it saves 25 seconds of pedestrian time.

Boris Johnson (Mayor of London): Add that up over every single person who crosses it and that is millions of man-hours or people-hours.

John Biggs AM (Chairman): Do you think it should become compulsory that people cross this bridge? Perhaps we should require all Londoners to walk across it three times a day to justify it.

Boris Johnson (Mayor of London): There is no compulsion. It will not be made compulsory. As I say, we are still wondering about dogs.

Richard Tracey AM: It may be that some of my colleagues are more cynical than you and Joanna Lumley [OBE, British actress], then, about this bridge and the spending of the money on it.

Boris Johnson (Mayor of London): They are cynical. They are allowing the crust of scepticism to form over their native idealism and romantic attachment to beauty. The truth is that in their hearts they love it but they are forced not to. The dictates of party politics oblige them to present a crusty and sceptical demeanour, but the truth is that they are --

John Biggs AM (Chairman): The official Labour policy is that Joanna Lumley is a national treasure, by the way --

Boris Johnson (Mayor of London): That is entirely correct.

John Biggs AM (Chairman): -- but that does not mean that the bridge is.

Valerie Shawcross CBE AM: It does not mean it is not a white elephant.

Richard Tracey AM: All right. Can we turn to another one, the Future Streets Incubator project fund? Is that really and truly within the powers for transport given to TfL, do you think?

Boris Johnson (Mayor of London): Yes, of course it is.

Richard Tracey AM: You can justify it, can you?

Boris Johnson (Mayor of London): Dick, you have greater experience of politics in London. Suppose you are in an outer London borough and TfL runs a street through your town centre and you are totally fed up with the parking there. You are fed up. There are no benches. There is a forest of appalling unnecessary signs and fences or whatever. Nobody wants to shop there. Nobody wants to stop there. Who should take the lead in improving that road and improving the look and feel of it? It should be TfL and it does a great job.

Richard Tracey AM: You are satisfied, again, with that? You can justify that?

Boris Johnson (Mayor of London): I am.

Richard Tracey AM: What is the future for the LEP if the New Homes Bonus stops from 2016/17, which is something that we have discussed and you have also discussed?

Boris Johnson (Mayor of London): The LEP will have to find alternative means of funding. It obviously still deploys large sums of European Social Fund (ESF) money and the skills money that we have now and so on. However, that will be an argument for the future.

Richard Tracey AM: OK. Thank you.

John Biggs AM (Chairman): Here is a good question. Is the trampoline a good form of public transport?

Boris Johnson (Mayor of London): The trampoline? I was very disappointed to see the fatwa issued against the trampoline by Sir Peter [Hendy, Commissioner, TfL] who decided and who gave a statement that it was not a mode of transport. The truth is that the plans for the trampoline have not been brought to me. I have not seen it. You know me. If anybody can be convinced that this is a mode of transport it is I, but I will have to study it. Space hoppers. Perhaps we should all be issued with space hoppers.

John Biggs AM (Chairman): All right. The serious question then is that the trampoline is included as part of the Future Streets infrastructure programme but has now been vetoed by Sir Peter Hendy.

Boris Johnson (Mayor of London): What is that? The trampoline?

John Biggs AM (Chairman): There was a trampoline in the Future Streets thing.

Boris Johnson (Mayor of London): Look, the truth is that it has not really been properly brought to us. If somebody wants to make a serious --

John Biggs AM (Chairman): It has not? No, three minutes ago you told us that the Future Streets thing was a superb piece of transport infrastructure and should be supported. Now, on being advised that there is a trampoline initiative within it, you are less convinced.

Boris Johnson (Mayor of London): No, I am not sure that the trampoline initiative has been properly escalated to me. All I have seen about the trampoline is a report in the papers and then Peter's --

John Biggs AM (Chairman): It is called the Bounceway. It is the world's longest trampoline and it is to be funded by this thing.

Boris Johnson (Mayor of London): I will look at it. It does not seem to me at first blush to serve any immediate transport purpose.

John Biggs AM (Chairman): OK. Here we go. A TfL spokesman said:

"The Bounceway will be the world's longest urban trampoline. This iconic and inclusive new public space in the heart of London will boost fitness and fun, and provide a novel form of transport where the journey is the main event."

Darren Johnson AM: Will there be a space hopper alternative as well there?

Boris Johnson (Mayor of London): What were those things we all had in the 1970s?

Darren Johnson AM: Space hoppers. The orange ones.

Boris Johnson (Mayor of London): Space hoppers, yes, with the orange ears.

John Biggs AM (Chairman): There is within this a serious point, which is that the people we have just discussed under Val's [Shawcross AM] question, the hard-pressed fare-payers - and they are always hard-pressed - have seen these swingeing increases in their pay as you go. Do you think they will be happy to know that they are paying for trampolines and a bridge that saves 25 seconds?

Boris Johnson (Mayor of London): As I say, there is a very good economic and transport case that can be made for the Garden Bridge. On the trampoline, I am yet to be persuaded and you have seen some sceptical words from Sir Peter [Hendy].

John Biggs AM (Chairman): OK. You could go down in history as the 'Mayor for Trampolines'.

Boris Johnson (Mayor of London): I am going to look at the trampoline. I am not now going to endorse it because I have not had --

Darren Johnson AM: You will not be bounced into it!

Boris Johnson (Mayor of London): I will not be bounced into it. Thank you. I will not be bounced into the trampoline now.

John Biggs AM (Chairman): It did cross my mind that you might be able to save on the bridge if you have a big enough trampoline, actually.

Boris Johnson (Mayor of London): This guy Elon Musk [Canadian-American inventor] out there in California is looking at this. There is a guy who comes to see me who is absolutely insistent that they can build a kind of subterranean supersonic peashooter that will get you to Manchester in 35 minutes or less than that; 17 minutes. I cannot remember how fast it goes. Unbelievably good.

John Biggs AM (Chairman): You could volunteer to be tried on that. Should we move on to housing and land?

Stephen Knight AM (Deputy Chair): Yes. I will just start off by asking you about your affordable housing programme. We have some figures clearly showing that you are budgeting for only 4,300 homes to be completed under this programme in 2015/16. Is that right and why are the figures dropping off a cliff, if you like?

Boris Johnson (Mayor of London): Of course, those are new starts, by the way, Stephen, but that is within the context of a --

Stephen Knight AM (Deputy Chair): These are completions.

Boris Johnson (Mayor of London): Sorry, those are completions, but obviously we will be pitching for abundant new starts. Do not forget that that is in the context of several things. We have a record delivery of 100,000 affordable homes over two terms with 80,000 done by the end of November. We are going to do 55,000 by 2015. There is £1.25 billion that we have secured for funding housing delivery in London in 2015-18 and this year, as I said right at the beginning, London is seeing more homes than ever since 1981. You just have to look around the city. Colossal numbers of homes are being built.

In terms of our actual GLA programme this year, you are right that there has been a sharp falloff in the numbers from 2014 to 2015 and that is basically to do with the changeover with us taking over the housing budgets. What it shows, going back to what Val [Shawcross AM] and everybody have been saying, is that you have to have stability of financing in London. It is ridiculous for us. Yes, we have the money coming in now, but it is ridiculous for us endlessly to be going to the Government for packets of funding for London when we

should be having a stream of revenue against which we can borrow from London's tax receipts. That is the way forward for the city.

Stephen Knight AM (Deputy Chair): Practically every four years we are seeing a collapse in numbers and then we build it up again. Is that the sort of --

Boris Johnson (Mayor of London): No, you are right to say that the numbers go up and down, but they have gone up and down over the last 30 or 40 years and it is in the context of an overall boom in housing. What it shows is that it is vital for us to have stability of funding. We have the funding coming through now for 2015-18, but what we do not have is the steady stream of funding that the city needs.

Stephen Knight AM (Deputy Chair): I wonder if you can tell us whether you are confident that the target you have in your Housing Strategy looking forward - of 36% of the discounted rent properties being family-sized - is going to be achieved, given that so far out of the allocations made only 25% have been made for three- or four-bedroom properties. You looked to be underachieving that target in the early days, but I wonder whether you are confident that that is going to be done.

Boris Johnson (Mayor of London): Stephen, I do not know how we are doing on that and I will go back. It is very important. I hear what you say about 25%. I do not have that figure before me. I know the target is 36% but if I may I will --

Stephen Knight AM (Deputy Chair): That is your target, but of the allocations made so far in the programme only 25% of them have so I think that --

Boris Johnson (Mayor of London): I am afraid I will go back and I will have to give you further information about that. I do not know.

Stephen Knight AM (Deputy Chair): Obviously, we both want to see a high proportion of affordable homes in new developments and we want to see housing brought forward more quickly to meet need. However, you have recently agreed a trade-off. In exchange for bringing forward developments on East Wick, the London Legacy Development Corporation (LLDC) has reduced the proportion of affordable homes from 35% down to 31%. Is it more important to build these homes quickly or to get a high proportion of affordable homes?

Boris Johnson (Mayor of London): We are back to the earlier question about whether we should have education as well and how much affordable. You need all of these things. The challenge for London is to do it quickly, particularly. We need more homes. Do not forget that on the village site 50% of the housing is affordable. To go down to 31% is not catastrophic. It is still well above the levels being achieved in most developments I am seeing at the moment.

Stephen Knight AM (Deputy Chair): In effect, you are saying that speed is more important than the proportion of affordable homes.

Boris Johnson (Mayor of London): No, I am saying that they are both important but that you have to weigh it up. One of the things I said when I was elected in 2008 was that I wanted to see housing delivery and the best should not be made the enemy of the good.

Stephen Knight AM (Deputy Chair): You are confirming, then, that building the things to schedule is almost more important than the proportion?

Boris Johnson (Mayor of London): No, I am saying that they are both important but that the best should not be made the enemy of the good.

Stephen Knight AM (Deputy Chair): You are putting more emphasis on speed.

Boris Johnson (Mayor of London): In this particular case, but that is not the case everywhere. Sometimes we tell people that their plans are unacceptable and they have to go away and come up with more affordable housing.

Stephen Knight AM (Deputy Chair): OK. Let us move on, then. You have previously told us about your negotiations with the Government on the GLA taking over the role of managing surplus public land in London. I wonder if you can update us on how you have got on with these discussions.

Boris Johnson (Mayor of London): Yes. The big win is really going to be on NHS land. What we have been doing so far is meeting with Bob Kerslake [Permanent Secretary, Department for Communities and Local Government (DCLG)], who is now running the Government, basically – or jointly running it – and who was at the Homes and Communities Agency (HCA). He is chairing a DCLG/Treasury/Cabinet Office surplus public land programme board, which we have been instrumental in pushing for. We are on that board. We are trying to get as much public land away as we can in London.

You will be familiar with the problem that I have explained many times, which is that the Treasury views in particular NHS land being national assets whose receipts should go to the country as a whole and should not be used exclusively for housing in London and the difficulty that that poses for us in getting disposals.

However, the strategy is to work with the NHS property services to get particular developments to go ahead and we are looking at St George's in Hornchurch and at Dulwich Hospital, which is now likely to have an educational use. We are looking at the disposals plan by NHS trusts such as the Royal Free, Barts and South West London Mental Health Trust. In total, those last three could accommodate about 1,500 homes. It is very important that we do get progress there.

The difficulty very often is that there will be things in the statute. The initial founders of the hospital or the benefactors will have laid down certain conditions about how the land may be used. There will be all sorts of sensitivities and sometimes sentimentalities about these sites. We are convinced that you can build more homes and have better medical facilities and you can use the receipts from the homes to have better medical facilities and more affordable housing.

Stephen Knight AM (Deputy Chair): Would you envisage, if the GLA were responsible for disposing of it, that you would achieve a higher proportion of affordable housing on future developments on this land than if it was left to the NHS to dispose of the land?

Boris Johnson (Mayor of London): Either body would want to see a high proportion of affordable housing, but clearly the problem at the moment is that we are not seeing any housing at all, affordable or otherwise. That is the barrier we need to clear.

John Biggs AM (Chairman): OK. Thanks very much. We have a final section and we are talking about the core GLA functions that you oversee. It is my job to ask you a few little questions, which may have even littler answers. Let us see.

On the LLDC, I think a lot of us started off thinking it was a bit like an urban development corporation under the Government, but it turned out to be a very different sort of beast. Is it standing on its own two feet or is it really almost a department of the GLA now? It is going down to having no reserves and is very much dependent on --

Boris Johnson (Mayor of London): The LLDC should not be conceived of as a new functional body like TfL or LFEPA or whatever. It does not have reserves. It does not work like that. It is a one-off. It is there to deliver a particular mission. It is not going to be there forever. It is there to produce regeneration on that site. It does not need all those impertinences.

John Biggs AM (Chairman): It is a short-term fixed-life body for a particular service?

Boris Johnson (Mayor of London): Yes. You ask if it is part of the GLA. It is really a partnership with the GLA.

John Biggs AM (Chairman): It is like a department of the GLA, almost. It might have a legal form --

Boris Johnson (Mayor of London): You will be familiar with the identities of the key players in the LLDC --

John Biggs AM (Chairman): Yes, and they would not like to be described in that fashion, I am sure, but do you see there is a risk within that in terms of the fairly ambitious objectives, even though they are less ambitious than I would like them to be, of course?

Boris Johnson (Mayor of London): Really?

John Biggs AM (Chairman): Yes, considerably, but let us not dwell on that. Do you think there is a risk, given the relatively short-termism of having to wait for annual allocations and resources?

Boris Johnson (Mayor of London): No. The vision for the Park is toweringly ambitious. It is sensational. We have just secured £270 million in investment from University College London (UCL) for a new campus on that site. The Government is putting in £141 million for a new cultural and artistic hub on the site. There are massive increases in the value of land around the Park. You are going to see quite extraordinary things in that area. The mistake would have been for that site - and I am sure you would agree with this, John - for us to have gone ahead just with infill housing around there. This is going to be an absolutely incredible place to live and work. I really believe it.

John Biggs AM (Chairman): No, the Olympicopolis is a great thing, but let us not get carried away on my own particular interest in this. Is the future MDC, then, for Park Royal a similar beast?

Boris Johnson (Mayor of London): Again, it is time-limited and so not --

John Biggs AM (Chairman): There are no resources to speak of, not even a speck of dust at present.

Boris Johnson (Mayor of London): It will have to have some funding and that is obviously a matter for negotiation and discussion. How we fund that, I am --

John Biggs AM (Chairman): OK. Let us move on because we are nearing the end of the meeting, sadly. At the beginning, you talked about the risk in achieving apprenticeships and you dressed this up as being a victim of its own success because London's economy is so vibrant --

Boris Johnson (Mayor of London): It is a triumph. It is yet another triumph.

John Biggs AM (Chairman): -- that we do not actually need to train any apprentices. That is rather demeaning to the people who maybe leave school without skills and who value those apprenticeships but --

Boris Johnson (Mayor of London): No, that is not true at all. We are continuing to fight for apprenticeships and we value them immensely and they are a triumph. Genuinely, the apprentice scheme has been a triumph and the numbers are extraordinary.

John Biggs AM (Chairman): It is not a question of resources?

Boris Johnson (Mayor of London): No, it is not a question of resources.

John Biggs AM (Chairman): Absolutely not?

Boris Johnson (Mayor of London): No. The issue is that the numbers of kids that you can get into apprenticeships is going to be limited if many of those candidates are starting to get conventional work anyway. I am not remotely complacent, but that is one of the factors that is making it more difficult. It is also true that we have to work harder, particularly with smaller businesses to take on apprentices. One thing I would like to see is a reduction in their business rates if they are willing both to take on apprentices and to pay their employees the Living Wage.

John Biggs AM (Chairman): Are you predicting that you are going to fail to meet your target of 250,000?

Boris Johnson (Mayor of London): You asked right at the beginning where the pressures are and where the squeeze is going to be. We will do very well, but 250,000 in the current climate with the current growth in employment is going to be challenging.

John Biggs AM (Chairman): I have a policy these days. When I go to the various presentation meetings that I am invited to - and I am sure you are as well - when we congratulate young people on their A-level and degree achievements, I always make a point nowadays of saying, "Excellent news, really good, but do not forget vocational education as well". Apprenticeships fit alongside this as well.

Boris Johnson (Mayor of London): I totally agree.

John Biggs AM (Chairman): It worries me that we have a culture in which we are not really valuing this enough and your underachievement on this worries me as well and for maybe good reason.

Boris Johnson (Mayor of London): I really think that is unfair because --

John Biggs AM (Chairman): That is OK. My job is to be unfair and to challenge you to respond to that.

Boris Johnson (Mayor of London): OK. We are redoubling our efforts. It is getting harder. We are starting to go through the hard yards now. We have a budget to deliver a minimum of 3,600 starts this year. We are trying to encourage employers of all kinds to take them on. We have regular events here at City Hall. I write hundreds of letters to employers. You will be familiar with the campaigns that we run for apprenticeships and you will have seen the advertisements we have put in the Tube and all the ways we have tried to boost

them. It has been very successful and the numbers are huge, but 250,000 we always knew was going to be a high number to reach. I am not ruling it out. I am just saying it is going to be tough.

Stephen Knight AM (Deputy Chair): I am interested, Mr Mayor, that you say the reason we are failing to achieve this target is because there are so few young people unemployed these days, presumably because youth unemployment has dropped dramatically in London. Is that right? The last figures I saw showed that one in four young people in London was unemployed and I wonder whether you have recent figures which --

Boris Johnson (Mayor of London): NEETs are at a 25-year low.

John Biggs AM (Chairman): That is not the same thing.

Stephen Knight AM (Deputy Chair): That is not quite the same thing. I am talking about youth unemployment figures. Has the level of youth unemployment in London dropped dramatically in the last couple of years? I am not aware that it has.

Boris Johnson (Mayor of London): I will get you the figures, Stephen, but I know that NEETs are at a 25-year low and my information is that obviously many of the people who would be natural candidates for apprenticeships are getting jobs. I want to stress that there is more to do. There are huge numbers for young people. I have a figure in my head of one in four 18-to-24-year-olds are out of work. That could be right. That is still --

Stephen Knight AM (Deputy Chair): Of course, NEETs would generally not fit into that age bracket.

Boris Johnson (Mayor of London): You are exactly right. There are two categories. That may not include students and so on. It depends how you look at the figures. However, there are still many young people in this city who are unemployed and who would benefit from apprenticeships and we mean to reach them and to help them.

Stephen Knight AM (Deputy Chair): I absolutely agree. In the context of one in four 18-to-24-year-olds unemployed, if that is the right figure, it seems extraordinary that we cannot find enough of them who want an apprenticeship to fill these apprenticeships.

Boris Johnson (Mayor of London): Obviously, many of them may be in full-time education and there may be other reasons why --

Stephen Knight AM (Deputy Chair): They would not count in unemployment if they were in full-time education, would they?

Boris Johnson (Mayor of London): Some of them do. What is unquestionably the case is that there is more to be done on apprenticeships, but it would be unfair to knock what has been achieved because it has been very considerable and very determined.

John Biggs AM (Chairman): Moving on to your carbon targets, the good news is that workplace energy efficiency has exceeded its target by 30,300 but the bad news is that home energy efficiency and energy supply has underachieved by 315,700 tons. Overall, you are 280,000 down on the deal. There is massive underachievement on those targets. How do you address the concerns of Londoners about that?

Boris Johnson (Mayor of London): By continuing with what we are doing on our programmes to retrofit homes with RE:NEW and RE:FIT. A total of 400,000 homes have been done in London, 100,000 of them through the RE:NEW scheme. This budget continues to supply funding for those schemes and so we will continue to --

John Biggs AM (Chairman): OK. Your intention, as you say, is there but the budgets have been slashed this year compared to previous years, as I understand it, on environmental programmes.

Boris Johnson (Mayor of London): We have the European funding that has come in and that enables us to make up that shortfall.

John Biggs AM (Chairman): RE:FIT is going down from £1 million to £500,000 and RE:NEW from £1.26 million to £250,000. They are not heading in the right direction to achieve those targets.

Boris Johnson (Mayor of London): For RE:FIT we have €2.8 million coming in from the European Investment Bank's (EIB) European Local Energy Assistance (ELENA) fund and for the RE:NEW programme €3 million from, again, the EIB ELENA fund. We are taking our money back from Brussels to fulfil this objective.

Darren Johnson AM: With any area of policy, when there is such a massive mismatch between targets and actual performance, you have to go back and either revise the targets or revise the plans to deliver those targets. Are you planning to do either?

Boris Johnson (Mayor of London): Do not forget that London has shown significant reductions in carbon dioxide (CO₂) emissions with a 10% reduction on 1990 figures and 19% down now since the peak in 2000. That is a massive achievement when you consider the growth in the London economy and the growth in population. This is a city full of extremely energy-inefficient buildings. Yes, we need to do more on retrofitting and we are doing more and that is the purpose of both of the programmes that we launched.

Darren Johnson AM: You seem to be doing less because --

Boris Johnson (Mayor of London): No, we are going to do hundreds of thousands more. We are going to do many more homes in London.

Darren Johnson AM: Will those targets be met, then? Will that massive gap be filled by the time you leave office?

Boris Johnson (Mayor of London): The target, as you know, is to reduce CO₂ by 60% on 1990 levels by 2025 and I would love to stay around until 2025 but I do not know who else is going to be here.

Darren Johnson AM: You have reduction targets for 2016.

John Biggs AM (Chairman): On the face of it, the answer is no.

Darren Johnson AM: The answer is absolutely not. There is no way on earth that you will meet them.

Boris Johnson (Mayor of London): You should pay tribute, however, to the efforts that we have made in reducing targets by the amount we have. It is reducing the emissions by 19%. For a city the size of London with the economic activity that we have, to reduce CO₂ by 19% in 15 years is a huge achievement. We have

had a 19% reduction in CO₂ in 15 years with a massively growing London economy. I bet you did not think that could be achieved, but it has been achieved. It has been achieved very largely thanks to --

John Biggs AM (Chairman): I think everyone thought it was achievable because targets were set which were considerably more ambitious than that.

Boris Johnson (Mayor of London): It has been achieved thanks to retrofitting programmes such as RE:NEW and RE:FIT, which we will continue to fund.

John Biggs AM (Chairman): We can note your answer on that, but the fact is that if targets were set with eyes open - and you were a participant in those - and they have not been achieved, then we all knew we would get the easy targets and we have failed to meet the more stretching ones. That is where we are. Shall I move on now to other questions?

Boris Johnson (Mayor of London): I would like to see the achievements of other cities. I do not believe you can conceivably describe that kind of reduction as 'easy'. It has been done with a great deal of effort and considerable technological ingenuity and we will continue to drive down carbon emissions.

John Biggs AM (Chairman): There are three other things. The first is transparency in London & Partners in particular. We had an answer to the pre-budget letter that came around at the beginning of this meeting, but can you give an unequivocal guarantee about the transparency of London & Partners and in particular its business plan?

Boris Johnson (Mayor of London): I can, yes.

John Biggs AM (Chairman): Will it include minor matters such as the remuneration of directors, not that we are obsessed with those, but the overall business plan itself?

Boris Johnson (Mayor of London): Yes, there has to be some transparency there. There may be commercially confidential stuff that I do not think should be and there may be stuff that London & Partners has access to. The deals that people do when they come to London I am not certain is always going to be necessary --

John Biggs AM (Chairman): We will hold you to that.

Boris Johnson (Mayor of London): -- to divulge, but basic transparency of the kind that you have across the GLA, yes. That is going into the budget letter.

John Biggs AM (Chairman): Good. If we look at your programme budgets, I must be getting this wrong because you spoke earlier about Team London and how successful it is, but it looks like you are abolishing its budget in this budget round. It is going down from £1 million or something to £10,000. Can you clarify that?

Boris Johnson (Mayor of London): Team London, as you know, has attracted huge charitable donations anyway, but I am not aware of that and we will continue to support --

John Biggs AM (Chairman): The budget was £1,589,000, OK, and the expenditure --

Boris Johnson (Mayor of London): I have £220,000 here and then £220,000 for 2016/17.

John Biggs AM (Chairman): The budget for this year is £1.6 million, roughly speaking. Is that right?

Boris Johnson (Mayor of London): Those are different programmes.

John Biggs AM (Chairman): The following year it goes down to £12,000.

Boris Johnson (Mayor of London): No. You have the Team London Ambassadors, Team London Visitor Welcome, the Healthy Schools --

John Biggs AM (Chairman): We will sort this out offline, then.

Boris Johnson (Mayor of London): They are all staying.

John Biggs AM (Chairman): On the face of it, the Team London budgets in the draft GLA budget for 2015/16 went down from £1.5 million to zilch. If you do not recognise your own budget --

Boris Johnson (Mayor of London): That does not cohere with what I have here and it certainly would not be my intention, just to say. My intention is to continue to fund --

John Biggs AM (Chairman): OK. The final question is about ticketing for the New Year. I imagine we will talk about this at Mayor's Question Time if we have not already. I cannot remember now. Do you think the ticketing arrangements worked well?

Boris Johnson (Mayor of London): They did work well, John. It was a new arrangement. You always learn when you try a new arrangement. Those who were in the area seem to have enjoyed themselves hugely. We had about 350,000 people all told.

John Biggs AM (Chairman): Would you do it again?

Boris Johnson (Mayor of London): We are reviewing it. We are looking at it. The likelihood is that we will. It was slightly disappointing that we did not get sponsorship this year, as indeed we failed to get it over --

John Biggs AM (Chairman): Yes. You have obviously read my briefing. Are you slightly disappointed you did not get sponsorship for this?

Boris Johnson (Mayor of London): I wrote your briefing! Slightly, but not that disappointed because it is quite a hard event to sponsor. In some years, we have not had it at all before and we will be out --

John Biggs AM (Chairman): Over 80% of the time we have achieved sponsorship for this.

Boris Johnson (Mayor of London): Yes, most of the time we have. This particular year we did not. It was disappointing, there is no question. The sums, I have to say, are not enormous and it would not have made much difference.

John Biggs AM (Chairman): It was nothing to do with the quality of the Mayor, then, for example?

Boris Johnson (Mayor of London): It was not since there has been a failure to attract sponsorship for this event in previous mayoralities. Obviously, we will be out in the market this year seeing what we can do and we may well do the same thing again.

John Biggs AM (Chairman): Can we thank you very much for coming?

Boris Johnson (Mayor of London): Thank you very much.

John Biggs AM (Chairman): We did slightly better than London Bridge, but not as well as other bits of the transport network. Thank you.

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