



GLA Conservatives



THE ALTERNATIVE BUDGET FOR LONDON

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February 2019

Executive Summary

As the Mayor seeks to agree the third budget of his term in office, the challenges faced by London grow by the day. Affordable housing targets are behind schedule, Transport for London (TfL) is in financial turmoil, and violent crime continues to rise – and these are just to name a few. We recognise the challenge of any Mayor to deliver such wide-ranging services for London, but feel that this Mayor could be doing more in this budget process to reflect the priorities of Londoners.

Crime is on the up in London and has been for some time. Although we do not oppose the Mayor's decision to increase council tax allocated to policing, we think that even more can be done to help keep Londoners safe. The Conservative Group tabled an amendment to the Mayor's draft budget on 24 January 2019 to the London Assembly to demonstrate areas where the Mayor could make savings and efficiencies within his existing budgets to fund more police officers for the Metropolitan Police Service. We have a fully costed plan to put 1,378 more bobbies on the beat, using £82.7 million of savings from across the GLA, to help deliver the services that Londoners want – more police to fight crime on their streets. In addition to this, our plan would give the Mayor enough flexibility to freeze the non-policing tax precept, rather than proceed with his planned increase of 2.99 percent – a real terms tax cut for millions of Londoners. The Mayor plans to use revenue generated from his non-policing precept increase to fund the London Fire Brigade – we would use identified savings within existing budgets to fund them instead, whilst securing the tax cut.

In drawing up this year's budget, the Mayor had a variety of spending choices, but we believe that he could have made wiser choices in key areas. Our alternative budget for London chooses more police for our streets and a lower tax bill for Londoners. The Mayor has endlessly claimed that the rise in violent crime is due to a fall in police numbers – we therefore believe that the Mayor should be doing everything in his power to put as many police officers on our streets as possible to tackle crime in our city. We have a plan to do just that and we hope that the Mayor incorporates our amendment into his final budget and chooses more police for London.

Recommendations

We call on the Mayor to accept the proposals within our amendment and use the savings produced by each recommendation to fund extra police officers for the Metropolitan Police Service¹:

- 1. Reprioritise increased budgets from external affairs and culture.** We do not believe that increased budgets in these areas can be justified at a time of increasing crime on our streets. We propose to reduce these budgets by £1.4 million and £2.2 million respectively.

¹ <https://www.glaconservatives.co.uk/our-budget-plan.html>

- 2. Reduce the GLA staffing budget to the level when the Mayor first entered office.** The current Mayor has presided over an unprecedented 37 percent increase in the GLA staffing budget since he came into office. London is no more complicated than it was in 2016 – we propose to reduce this budget to the 2016/17 level.
- 3. Remove the GLA contribution to London and Partners.** The Mayor’s promotional agency is due to receive £13.1 million of taxpayers’ money in the next financial year and the current Mayor has increased this contribution by 13 percent since he came into office. This is not a priority for Londoners – we propose to use some of the funds to cover the increase in funding to the London Fire Brigade, with the remainder diverted to fund more police officers.
- 4. Reduce funding for London Travelwatch.** Whilst we recognise that this body is a statutory responsibility, we believe that it is superfluous to the needs of the GLA. We propose to significantly reduce its funding by £900,000.
- 5. Scrap TfL nominee passes.** Nominee passes, which offer non-taxable and free travel to nominated people of TfL staff, are an unjustified employee perk at a time when TfL faces such grave financial difficulty. We would scrap these passes altogether and use the additional income raised to fund more police officers.
- 6. Abandon the HFSS advertising ban on the TfL network.** We do not believe that the Mayor has made a convincing case in favour of his ban on high fat, salt or sugar (HFSS) adverts across the Transport for London network. We would reverse this ban and seek alternative measures to tackle childhood obesity.
- 7. Reduce facility time spend at TfL.** We object to the disproportionate and vast increase in trade union facility time at TfL, which has more than doubled since the Mayor came into office. We propose to reduce this spend its 2016/17 level.
- 8. Use our identified savings of £82.7 million to fund 1,378 police officers and deliver a real terms tax cut.** We would use the savings generated by our proposals to fund these extra police officers for the Metropolitan Police Service. We would also freeze the non-policing precept, which would be a tax cut for millions of Londoners, and use savings identified elsewhere to secure fire brigade funding instead of using revenue generated from the Mayor’s proposed tax increase.

Introduction

Each year, the Mayor must present his budget for the following financial year to the London Assembly and set out how he intends to spend taxpayers' money for the coming twelve months. The Mayor has responsibility for spending £18.3 billion for 2019/20 for the Greater London Authority (GLA) and its functional bodies, including Transport for London, the London Fire Commissioner and the Mayor's Office for Policing and Crime (MOPAC), including the Metropolitan Police Service². Whilst the Mayor has statutory responsibilities to deliver services for Londoners, there is also a distinct level of choice within each budget where the Mayor can choose to allocate his spending to match the priorities of Londoners.

The process for agreeing a mayoral budget in London is set out in the 1999 Greater London Authority Act³. Firstly, organisations within the GLA Group prepare their proposed budgets for the next financial year, which are then scrutinised in turn by the Assembly's Budget and Performance Committee. The Mayor then publishes a consultation budget and draft capital spending plan, which is subject to consultation. When the consultation closes, the Mayor then considers submissions and publishes a draft consolidated budget, which is discussed at a London Assembly plenary meeting, when amendments to the budget can be presented and voted on by Assembly Members. After this meeting, the Mayor has the opportunity to take on any suggestions from the Assembly and then publishes a final consolidated budget. This version is then considered at a further Assembly plenary meeting – at this stage, the Assembly has the power to amend the budget if a two-thirds majority of Members present at the meeting vote in favour of a specific amendment. Subsequently, the Mayor publishes the final budget and capital spending plan for the next financial year.

The Mayor also determines the level of the GLA precept within the budget process, which is the part of council tax collected by local authorities which helps to pay for services delivered by the GLA Group – there is a policing element of the precept, as well as a non-policing element. In the budget for 2019/20, the Mayor has chosen to increase the policing precept for Band D by £24, and the non-policing precept for Band D by the maximum permitted sum of £2.28 per year – this would increase the average annual Band D precept paid by Londoners from April 2019 by £26.28.⁴ The increase in the policing precept represents an 11 percent increase and will generate an extra £84.8 million for the Metropolitan Police Service. All funds generated from an increase in the non-policing precept will be allocated to the London Fire Commissioner.

² https://www.london.gov.uk/sites/default/files/draftbudget_-_part_2_explanationproposals_2019-20.pdf, page 23

³ http://www.legislation.gov.uk/ukpga/1999/29/pdfs/ukpga_19990029_en.pdf

⁴ https://www.london.gov.uk/sites/default/files/draftbudget_-_part_2_explanationproposals_2019-20.pdf, page 24

We believe that the Mayor has a key responsibility each year to ensure that he spends taxpayers' money wisely and that his spending corresponds with the policy priorities of Londoners. In the case of the most recent budget, we believe that this has not been the case, and have suggested a series of constructive recommendations for the Mayor to consider funding more police officers for our city's streets.

Policing - The Priority For London

London has been experiencing a steady rise in violent crime for some time now: the murder rate has increased by 23.3 percent over the past two years and knife crime has increased by 32.1 percent over the past three years.⁵ 2018 saw London's highest homicide total since 2008, with a 15 percent rise year-on-year.⁶ Crime is rocketing in London and the Mayor has a responsibility to ensure that he is doing everything within his powers to tackle it.

The Mayor acknowledged in a recent press release that 'it is now widely accepted that there is a link between a rise in violent crime and police resources'.⁷ As a result of our amendment to the latest version of his budget, we have found ways that the Mayor can re-apply existing resource and use his powers to fund more police for London.

⁵ <https://www.london.gov.uk/what-we-do/mayors-office-policing-and-crime-mopac/data-and-statistics/mopac-performance-framework>

⁶ <https://www.independent.co.uk/news/uk/crime/london-crime-stabbings-murders-shootings-violence-met-police-crime-figures-total-a8705986.html>

⁷ <https://www.london.gov.uk/press-releases/mayoral/mayor-warns-widening-police-funding-gap-risks>

The Greater London Authority Budget

The Mayor has set out his priorities for the Greater London Authority (GLA) element of his budget, which include funding for thousands more affordable homes, funding for environmental initiatives, and expanding London's rough sleeping services.⁸ Whilst we are supportive of many parts of the proposed GLA budget, we believe that several areas should be reprioritised, given the current pressing need to tackle crime in our city.

External Affairs and Culture

Whilst we recognise that a level of external affairs and culture spend is necessary for the Mayor to fulfil his statutory duties, we believe that recent increases in these budgets do not correlate with Londoners' current priorities.

The Mayor has chosen to increase the external affairs budget overall by 34.3 percent since he first entered office.⁹ Within this increase, non-staffing costs have increased by £1.4 million over the same time period. We are unconvinced that Londoners would value more marketing and PR from their Mayor than more dedicated action on policing. We propose to reallocate the non-staffing spend increase to fund more police officers; we feel that this would result in little tangible difference in service delivery to Londoners in relation to external affairs, yet it would free up significant funding to put into policing.

Similarly, the Mayor has substantially increased the overall budget for culture since he came into office, with a 53 percent increase in the revenue budget since 2016/17, including the Museum of London.¹⁰ Whilst we are supportive of promoting London's strong and vibrant culture, we believe that London thrives exceptionally well in its own right. We are concerned by this sharp increase in spending in this budget when London faces such urgent policing and crime challenges. Under our amendment, we would reduce the budget by £2.2 million (the equivalent of the non-staffing increase in the budget since 2016/17 levels) and use this spending to fund extra police officers. In doing this, we would also protect existing committed budgets for the London Borough of Culture and Creative Enterprise Zones, but would make the most of surplus funding in this area to help the Metropolitan Police Service.

⁸ https://www.london.gov.uk/sites/default/files/draftbudget_-_part_2_explanationproposals_2019-20.pdf, page 31.

⁹ <https://www.london.gov.uk/questions/2018/5479> and the current allocated budget for 2019/20 is £9.449 million.

¹⁰ Information provided by Shonagh Manson, Assistant Director - Culture & Creative Industries – available on request

GLA Staff

On the current Mayor's watch, the total number of budgeted staff at the GLA ('the establishment figure') has increased by 37 percent.¹¹ Whilst we acknowledge and appreciate the Mayor has some extra devolved duties than when he first entered office, for example the upcoming responsibility over the Adult Education Budget, we believe that this significant increase is unjustified at a time when spending is being squeezed elsewhere. Given that the vacancy figure at the GLA is currently 187¹² and the Mayor is proposing an extra 92 staff in his latest budget proposals in addition to the current establishment figure of 1140,¹³ the majority of the posts that would be affected by our proposal are either vacant or currently non-existent. If our plan was adopted, we would recommend that the Mayor undertakes a resourcing plan to manage his available budget accordingly. Any necessary payments associated with redundancy or restructuring plans can then be financed through available GLA reserves.¹⁴

Additionally, as of December 2018, the GLA pays £1,338,750 annually in rent for office space at the London Fire Brigade's headquarters in Union Street.¹⁵ Given the large recent increase in headcount at the GLA, it has become impossible to house all staff at City Hall and surplus office space is required on an ongoing basis. If the GLA reduced its staff to the level when the current Mayor first entered office, it is logical that the office space at Union Street will no longer be required and could therefore be released to the London Fire Commissioner for renting out at a commercial rate.

London is no more complicated than it was three years ago; the Mayor should work harder to resource GLA services within a smaller but manageable staff budget and ensure that he is delivering value for money for the taxpayer.

¹¹ <https://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=254&MIId=6425&Ver=4>

¹² Ibid

¹³ <https://www.london.gov.uk/moderngov/documents/s73438/GLA%20BUDGET%20SUBMISSION%2019%2020.pdf>

¹⁴ https://www.london.gov.uk/sites/default/files/draftbudget_-_part_2_explanationproposals_2019-20.pdf, page 38.

¹⁵ Information provided by Dany Cotton, London Fire Commissioner, to Gareth Bacon AM, Chair of the Budget and Performance Committee, dated 21 December 2018 – available on request.

London and Partners

In 2019/20, the Mayor has budgeted for the GLA to give £13.1 million to London and Partners.¹⁶ Although this is a £600,000 reduction from last year, the overall GLA contribution has increased overall by £1.7 million (or 13 percent) since the Mayor came into office.¹⁷ According to its website, London and Partners is “the Mayor of London’s official promotional agency”, which exists “to support the Mayor’s priorities by promoting London internationally as a leading world city in which to invest, work, study and visit.”¹⁸ Figures from the Office of National Statistics show that the total number of visitors to London has increased from 11 million in 2002 to more than 19 million in 2016, with no sign of this upward trend abating any time soon.¹⁹ London is a vibrant city, which has always attracted huge numbers of tourists and business investment. We question whether the London taxpayer benefits from such a large contribution to this agency when it is clear that London thrives on the world stage in its own right.

Moreover, the Assembly’s cross-party Economy Committee was so unconvinced by London and Partners’ value for money that it used its ‘summonsing’ powers in October 2018 to demand evidence from them to support their claims.²⁰ Naturally, if London and Partners are able to demonstrate their economic value to the city, it then begs the question even further why they require over £13 million per year to carry out their work. We therefore propose that the Mayor removes the entire GLA contribution to this organisation in the next financial year to protect London Fire Brigade funding and to fund more police officers.

London Travelwatch

We have long argued that London Travelwatch, which acts as a consumer body for the city’s transport users, is completely superfluous to the needs of the GLA. There was also recent cross-party concern last year in the Assembly’s Transport Committee regarding their latest business plan which was rejected as unfit for purpose.²¹ However, we recognise that this body is a statutory requirement for the GLA and cannot simply be abolished. However, whilst its existence is guaranteed by statute, the level of funding provided to it is discretionary, and we therefore propose to considerably reduce its funding to £100,000 and transfer its functions to the Assembly’s Transport Committee and Transport Focus. The savings generated as a result of this can then be put into policing.

¹⁶ https://www.london.gov.uk/sites/default/files/draftbudget_-_part_2_explanationproposals_2019-20.pdf, page 33.

¹⁷ <https://www.london.gov.uk/questions/2018/2396>

¹⁸ <https://www.londonandpartners.com/about-us>

¹⁹ <https://data.london.gov.uk/dataset/number-international-visitors-london>

²⁰ <https://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=255&MId=6469&Ver=4>

²¹ <https://www.london.gov.uk/moderngov/documents/b17641/Minutes%20-%20Appendix%203%20-%20Transcript%20of%20Item%2010%20Tuesday%2013-Nov-2018%2010.00%20Transport%20Committee.pdf?T=9>

Transport For London Budget

Whilst Transport for London (TfL) has now revised its business plan to reach a small surplus by 2022/23, the organisation still remains in significant deficit. TfL was originally forecast to end this financial year with a deficit of nearly £1 billion; although their revised figure is slightly better at £722 million, it is due to rise again next year to £897 million.²² This is not to mention the fact that Crossrail will now be delivered at least 18 months behind schedule, which will have an estimated net revenue impact of £600 million over the next three years up until 2021/22,²³ and that the Mayor has failed to confirm his intentions on imposing a second fares freeze, despite the first freeze costing TfL an estimated £640 million over his mayoralty.²⁴ In spite of this, we hope that TfL will continue to make efficiencies where possible and make the most of self-generated income and commercial opportunities. In the meantime, we believe that there are several areas that can be usefully diverted in the shorter term into police funding.

Nominee Passes

Nominee passes are a long-standing employee perk from TfL, which offer free and non-taxable travel to nominated people of TfL staff. TfL loses significant fares revenue every year as a result of this decision, which is even more puzzling in the context of TfL's ongoing financial state. As it stands, 18,909 TfL employees and 20,796 employees of London bus operators distribute a pass to a named individual residing at their address – 39,705 in total.²⁵ It is important to note that these are people who are not engaged in working on London's transport network, they merely reside at the same address as someone who does. There is no requirement for the recipients to be relatives of the TfL/bus operator employee who is nominating them, they could be a landlord, lodger, flatmate, friend etc, as long as they live at the same address. If we assume that the average journey undertaken by commuters is between zones 1 and 3, and that only half of those with a nominee pass would buy a travelcard if this was removed, TfL could expect to raise £32.7 million – a very cautious estimate.²⁶ According to TfL's own guidance, this benefit is discretionary;²⁷ therefore, there is no reason why it cannot be removed in favour of reallocating additional spending to police officers.

²² <http://content.tfl.gov.uk/tfl-business-plan-2019-24.pdf>, page 52

²³ Ibid

²⁴ https://www.london.gov.uk/sites/default/files/2nd_mayors_report.pdf, page 6

²⁵ FOI

²⁶ Calculated using the cost of a Zone 1-3 annual adult travelcard – £1,648.00.

²⁷ According to TfL official guidance

HFSS Advert Ban

In November 2018, the Mayor confirmed his intention to ban high fat, salt or sugar (HFSS) adverts across the TfL network in an effort to tackle childhood obesity.²⁸ TfL has estimated that the current level of revenue generated by this type of advertising is £13 million per year.²⁹ We have expressed our concerns that this blanket ban will not produce the results that the Mayor hopes for, and have previously raised concerns about the haphazard implementation of this policy, including inadequate consultation with relevant stakeholders.³⁰ This is not to say that childhood obesity should not be addressed – it is sensible for other measures to be explored first, in full and constructive engagement with stakeholders, to achieve real results in this area. At this point, we believe that plans for the HFSS ban should be abandoned and additional funding generated as a result of this should be directed to policing.

Facility Time

The current level of facility time at TfL, (time allocated to an employee by an employer to undertake trade union duties), is disproportionate to its overall budget, and this budget setting process presents a good opportunity for it to be reviewed. The annual cost to TfL of financing facility time has increased from £4.9 million to £10.8 million in 2018/19 – an increase of more than double.³¹ This is based on the assumption that the facility time spend in 2019/20 will be at least the level in 2018/19 (£10.8 million), but this is a conservative estimate – it could be much more when TfL's next annual report is released. According to TfL's latest annual report, it spent £10.8 million on facility time in that financial year, and lists its total remuneration costs for employees as £2.25 billion.³² As a loose comparator, in 2017/18, the Department for Work and Pensions had a total pay bill of £2.5 billion, yet only spent a total of £769,288 on facility time – this is 7 percent of what TfL is paying.³³ Although we do not oppose facility time in principle, we do not view the increase under the current Mayor as a proportionate use of taxpayers' money given the current financial pressures elsewhere in the GLA. We propose to reduce this spend to its 2016/17 level and use the additional spending to fund extra police officers

²⁸ <https://www.london.gov.uk/press-releases/mayoral/ban-on-junk-food-advertising-on-transport-network-0>

²⁹ <https://www.london.gov.uk/questions/2018/2347#a-134036>

³⁰ <https://www.london.gov.uk/questions/2018/5489-1>

³¹ <http://content.tfl.gov.uk/tfl-annual-report-and-statement-of-accounts-2017-18.pdf>, page 124.

³² Ibid

³³ <https://www.gov.uk/government/statistical-data-sets/public-sector-trade-union-facility-time-data>

What more can the Mayor do?

Ahead of the full Assembly plenary meeting at the end of February, we are asking the Mayor to adopt our amendment and fund 1,378 more police officers. We also hope that the Mayor will continue our work and look for new ways to make efficiencies in City Hall to generate even more money for policing.

In addition to this, we ask the Mayor to more thoughtfully consider areas of one-off spending in the future to maximise value for money for the taxpayer. Examples of recent ill-considered spending include the Royal Docks Beach Party in 2018, or the 'urban beach experience', which resulted in a final bill of £437,000.³⁴ This is equivalent to funding seven police officers for a year.³⁵ Similarly, the Metropolitan Police spent £10 million last year on a staff training course to determine the colour of their personalities.³⁶ This spending would have funded 166 police officers for a year. The Mayor should be doing all he can, when he can, to fund the Metropolitan Police Service to the best of his ability.

Crime is the biggest priority for Londoners at this present time and the Mayor should be doing everything within his power to tackle crime and put more police officers on our streets. There are areas within the Mayor's budget this year that can be reallocated for the benefit of Londoners; given rising crime in the capital, now is the time for the Mayor to choose to reprioritise some of his spending to help keep Londoners safe.

We have presented the Mayor with a feasible and fully costed plan to put 1,378 extra police officers on the streets, whilst delivering a real terms tax cut for millions of Londoners. As a result, this report urges the Mayor to take up the proposals within our amendment and undertake the following recommendations to fund more police officers:

- 1. Reduce the GLA staffing budget to the level when the Mayor first entered office in 2016/17.**
- 2. Remove the GLA contribution to London and Partners and divert the whole contribution to policing.**
- 3. Reduce funding for London Travelwatch to £100,000.**
- 4. Scrap TfL nominee passes, which are an unjustified employee perk at the current climate.**
- 5. Abandon the HFSS advertising ban on the TfL network to generate more advertising revenue and seek alternative measures to tackle childhood obesity.**
- 6. Reduce facility time spend at TfL to 2016/17 levels.**
- 7. Use our identified savings of £82.7 million to fund 1,378 police officers and deliver a real terms tax cut.**

³⁴ <https://www.london.gov.uk/decisions/dd2253-royal-docks-activation-events-programme-capital-revenue>

³⁵ Calculated using the total average cost of a police officer of £60,000 as of September 2018: <https://www.london.gov.uk/questions/2018/2378>.

³⁶ <https://www.dailymail.co.uk/news/article-5801755/Met-Police-accused-wasting-10m-training-course-make-sure-officers-feel-empowered.html>



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