

London Councils Challenge

More than the Sum

Sir Derek Myers
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Contents

Introduction (p3)

Executive Summary (p4)

Section 1 – London Councils in context (p5)

Section 2 – The key issues facing London and London Councils (p11)

Section 3 – What do the key stakeholders think? (p14)

Section 4 – A range of scenarios to consider for the medium term (p19)

Conclusions and next steps (p24)

Appendix A – Core Objectives of the Challenge (p25)

Appendix B – List of Interviewees (p26)

Appendix C - Financial comparison between 2010/11 and 2016/17 (p30)

Introduction

In March 2016 Jules Pipe as Chair and John O'Brien as Chief Executive of London Councils asked me to lead a team to 'conduct a Challenge process aimed at ensuring that the organisation continues to meet the evolving needs of its member authorities over the next five years.' The core objectives of the Challenge are set out in Appendix A for information.

Fundamental to the process has been the frank and open insight by those who know London Councils and London and want to see both thrive. On behalf of the team I would like to thank the more than 60 people who have given up their time to speak to us or have contributed written submissions. These have ranged from serving council leaders, chief executives and senior officers, government officials, representatives of the Mayor of London and the Greater London Authority to health and police service officials as well as academics and business representatives. The list of people we interviewed is contained in Appendix B. We have also reviewed documentation relating to London Councils over the last five years since the last similar review of the organisation in 2011.

We have not adopted a particular methodology but attempted to understand and articulate:

- How the organisation has evolved since the last review?
- What have been the strengths of that and the limitations?
- How much it spends in 2016/17 compared to 2010/11?
- What are the key issues facing London and London Councils in the next five years?
- Key stakeholders' views about what London Councils should focus on in the light of those key issues and changes?
- Some options to consider about the future size, shape and role of London Councils.

I would like to take this opportunity to thank the Challenge Team that has worked with me on this review: Councillor Richard Cornelius (Leader London Borough of Barnet), Councillor Darren Rodwell (Leader London Borough of Barking and Dagenham), Sean Harris (Chief Executive London Borough of Lambeth), Gillian Norton (Chief Executive London Borough of Richmond upon Thames), Liz Meek and Ian Hickman both of whom have a wide experience of local government in London and central government. I would also like to thank Barbara Salmon and June Morse for their invaluable support and ensuring we all got to interviews on time.



Sir Derek Myers

Executive Summary

London is a vibrant global city of 8.7 million people and growing. Whilst London is different from rest of the England London Councils needs to work with the leadership of other large metropolitan cities on the key issues of public service reform and devolution from Whitehall. Governance arrangements are also different from other UK metropolitan areas and this creates issues but a new Mayor ought to present opportunities for greater collaboration to resolve issues that matter to Londoners and London.

London Councils as an organisation has made good progress since the last similar review five years ago. People we interviewed outlined numerous recent achievements by London Councils on housing, health and social care, funding for additional school places and the financial settlements with government especially in relation to business rate retention.

However we think London Councils needs to 'Go Again' now and be more proactive and confident in its dealings with the Mayor of London and central government. There is strength in London boroughs acting collectively. We think it is what Londoners expect and therefore the brand matters. London Councils needs to be ambitious but it needs to find a consensual way to do this within existing resources. The organisation can strengthen itself by being clearer and more transparent about its priorities as well as by being clearer on relationships with the sub regions and between the work of the Leaders on the Executive and the chief executives and key senior officers across the capital.

London Councils should be at the forefront of showing how a more devolved but joined up London Government can work. It needs great thinking and brokering capacity to do this effectively.

"London is the biggest of England's major cities and can lead the way in reinventing England as a fairer, more decentralised nation. London boroughs need to be at the forefront of this revolution."

Chris Murray Core Cities Group

Section 1

London Councils in Context

London is a great global capital city. It is the economic driver of the whole of the United Kingdom and a place many want to live and work in from around the country and the rest of the world. The population is expected to expand to around 11 million by 2050 representing approximately a 26% increase. However the new relationship with the EU may change this forecast. In all scenarios major challenges lie ahead.

Spending on public services is much greater than elsewhere in the country with, for example, London boroughs spending around £25 billion per annum and London NHS spending around £23 billion a year. London has 73 MPs and the All Party Parliamentary Group is supported by London Councils.

The structure of governance in London is different and deliberately so given its history. It is just over 50 years since the 32 boroughs and the Corporation of London assumed their powers and responsibilities. Over those 50 years the London County Council, the Greater London Council and the Government Office for London have come and gone. Since 2000 a directly elected Mayor and Greater London Authority (GLA) has worked with the boroughs and the Corporation of London to provide leadership and secure critical public services for the capital city. This structure of a directly elected Mayor and the GLA and 33 local boroughs is different to any other arrangements in the country being explored and implemented by the Government under its devolution and public service reform agenda. The GLA is a strategic regional authority, with powers over transport, policing, economic development, and fire and emergency planning. It is unique in terms of structure and powers.

London Councils represents London's 32 boroughs and the Corporation of London. It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion. London Councils makes the case to government, the directly elected Mayor and others to seek to get the best deal for Londoners and its member boroughs.

It runs a number of direct services for member boroughs including the Freedom Pass, Taxicard and Health Emergency Badge. It also runs, on behalf of all boroughs, an independent parking appeals service and a pan-London grants programme for voluntary organisations. London Councils also played a key role in sponsoring the establishment of the London Pensions collective investment vehicle.

The organisation seeks to act as a catalyst for effective sharing among boroughs in relation to ideas, good practice, people, resources, or policies and new approaches. The strategic direction of London Councils is set by the Leaders' Committee, which comprises the Leaders and directly elected Mayors of all of London's boroughs and the City of London Corporation. There is also a cross-party Executive, which guides the day-to-day work.

London Councils helps provide a number of supporting structures to London local government more generally. It acts as a secretariat in support of a number of the key professional networks across London, either administratively, in policy terms, or both. This includes Chief Executives London Committee (CELC) and London Housing Directors. It also works closely with the Society of London Treasurers, Adult Care Directors, Children's Directors, Environment Directors, Planning Officers, Communication Heads, Re-generation Leads and others.

The organisation has acted as the home and secretariat to the London Safeguarding Children Board. For a period it recruited and hosted some Children's Safeguarding Advisers to work across boroughs.

It has also played a role in supporting the London resilience efforts on behalf of London local government via the London Fire Brigade, particularly around political liaison and communications support. In 2008/09 London Councils took on responsibility for the regional Young People Education and Skills function and works closely to support the boroughs and the London Enterprise Panel in this area.

It is also the regional employer body supporting both the Greater London Employment Forum and the Greater London Provincial Council.

London Councils is the focal point for the London Self Improvement Board work to provide both support and challenge within London boroughs as a spur to on-going improvements in performance.

Much of this work is unglamorous and unrecognised but is a necessary component of how a complex system is coordinated and able to think ahead.

The body that is London Councils comprises three components:

- Joint Committee
- Grants Committee and
- Transport and Environment Committee

Each Committee has its own Executive and there are portfolio leads. The Chief Executive provides advice to the Leaders' Committee. The Joint Committee does not automatically have the "general power of competence" that each Borough has in law, but can utilise that power if it is explicitly agreed to by all 33 members of the joint committee.

It is a strongly member led organisation that seeks to be cross party with a focus in three areas following the 2010/11 review:

- Lobbying ('broker of public policy formulation');
- Provider of services and grants administration;
- Catalyst for sharing and collaboration between boroughs (we found this expression of London Councils is less recognised by interviewees and needs redefining).

The election of a new Mayor in May 2008 acted as a stimulus for a fresh look at collaborative arrangements with City Hall. A Congress of Leaders and the Mayor was established in the spring of 2009. A Congress Executive meeting between the Mayor and the London Councils Executive is held at periodic intervals. Typically, it has overseen joint, collaborative work on a range of lobbying and advocacy activities as well as on the London Growth Deal and the Devolution and Public Service Reform Proposition for London to government.

It had also had oversight of a range of other pieces of joint machinery that have come into being during this period, including:

- the London Waste and Recycling Board;
- the Homes for London Board;
- the London Health Board;
- the London Enterprise Partnership;
- the London Crime Reduction Board.

All of these are elements of shared governance where the Mayor or his representatives, work with borough representatives nominated on a cross-party basis by London Councils. Officials for the two organisations work to support these arrangements.

London Councils has been described as a 'convener' of local government opinion but is not mandated to act necessarily in that role due to the existence of the Mayor and the GLA as well as because of the set up of London Councils itself. Because of the strong cross party culture seeking consensus there is a risk of things being agreed that the lowest common denominator. We understand why that is the case but wonder whether a 'coalition of the willing' approach could be taken which might aid the level of ambition that can be shown on individual issues? If it were adopted would it be acceptable if a few boroughs were 'outside' individual agreements or would this fundamentally change the nature of the current organisation and the improvements brought in since 2010/11?

There have been moves in recent years to see a stronger alignment of boroughs sub-regionally for different types of activity. Not all of the groupings of authorities operate at the same footprint for different service areas. For example, the geography of sub-regions for economic development tends not to be the same as, for example, health. In addition not all boroughs are as strongly part of formal sub-regional groupings as others.

Many boroughs have formalised these arrangements at sub-regional level and see themselves working more in this way in the future. There has been a strong mutual relationship between such groupings and London Councils. The organisation has been an important focal point for creating overall frameworks and negotiating opportunities which groupings of boroughs, as well individual boroughs, are able to benefit from in terms of further devolution and reform. Officers at London Councils look to work with those representing sub-regional partnerships. To date there has been no explicit recognition of the sub-regions in the political structures at London Councils.

What does London Councils spend and how many staff does it have?

In 2016/17 the Joint Committee work is estimated to cost £8m comprising policy development and lobbying as well as corporate support and central office costs. Spending by the Grants Committee is £10m but 95% is direct grant payments to voluntary bodies. The vast majority of spending (£380m) relates to the Transport and Environment Committee. This has a different statutory basis and the bulk of this amount is collected from the boroughs and then paid to Transport for London for concessionary fare reimbursement i.e. it is an in and an out payment. In 2016/17 overall spending by London Councils is therefore projected to be approximately £398m.

A review of the grants programme was recently undertaken considering the period April 2017 to March 2021. It proposed continued focus on three priorities:

- Priority 1 - combatting homelessness (£2.8 million in 2016/17);
- Priority 2 - tackling sexual and domestic violence (£3.4 million in 2016/17);
- Priority 3 - tackling poverty through employment (£1.9 million in 2016/17 - £1m European Social Fund match funded).

In addition London Council officers are to develop a proposal to work with the City Bridge Trust on the implementation of the review into infrastructure support in London for the third sector (being undertaken by London Funders) and to be reported to the Grants Committee in July 2016. For 2016/17 approximately £1.3 million is spent on this area. (This report was written prior to this outcome).

The consultation responses received indicate overwhelming support (94%) for the approach proposed with only one borough saying it did not agree and one borough failing to respond.

The Panel feels that the broad level of Grants and priority areas for spending has been well debated and although some Leaders continue to have reservations, there is a strong case for treating this issue as settled for the next three years.

At present there are just under 130 full time equivalent staff working for London Councils. Of these approximately 69 are employed on Joint Committee related activity. 6 oversee the grants programme with 38 working on Transport and Environment Committee related activity. 13 work on externally funded projects such as LEPT and LEDNET.

Total direct employee related costs are £6.9m. This is split approximately £4m for the Joint Committee staff, £0.3m grants, £2m Transport and Environment Committee and £0.6m on external projects. The Joint Committee spending includes member allowances for 30 positions totaling £173,000 but not all those entitled to it take the allowance.

Seven senior officers are paid over £100,000 (three for the first time in 2016/17 as a result of the national pay award). The Joint Committee average salary cost is £57,540.

The Southwark Street office rental costs £935,000 per annum (£16.29 per square foot) including business and water rates plus £203,000 annual depreciation relating to the last refurbishment. The current lease expires in 2021. A thorough market analysis and premises strategy review was carried out in 2010/11.

Other costs relate to £428,000 paid to the Corporation of London for support services agreements. The information technology service was market tested 2014, and the human resources service market tested in 2008. Financial services and legal services have not been market tested but are extensions on no cost or low cost historic arrangements. £500,000 is for commissioned consultancy budget from a wide range of organisations. Office running costs including meetings costs is £578,000 with the largest element being on publicity including website development and events.

The core Joint Committee spending has reduced by 59% from £21.6 million in 2010/11 to 8.9m in 2016/17 and staffing in that area has reduced by 40% over the same period. Some of this has been as a result of closing of the former Capital Ambition directorate. Grants Committee spending has reduced by 65% and the staff administering them reduced by 74% over the same period. In cumulative terms £126m less has been spent than it would have been without the reductions with approximately £90m coming out of grants. In addition in this period £7.9m of London Councils reserves was 'repatriated' to London boroughs.

Overall spending by London Councils has increased by 13% since 2010/11 but this is solely related to non staff Transport and Environment Committee expenditure increasing by 25% due to increased volumes of concessionary fares transactions and inflationary pressures which London Councils has no direct control over. 32% fewer staff administers Transport and Environment Committee services than there were in 2010/11. The table in Appendix C sets out the key figures comparing 2010/11 to 2016/17.

By means of comparison the 2014 NAO Financial Sustainability report stated 'The Government will have reduced its funding to local authorities by 28% in real terms between 2010/11 and 2014/15. Further planned cuts will bring the total reduction to 37% by 2015/16, excluding the Better Care Fund and the public health grant'. It should also be noted that over the same period Consumer Price Index inflation was approximately 10%.

Joint Committee average borough core subscriptions have reduced from £257,963 in 2010/11 to £161,958 in 2016/7 (a 37% reduction).

The boroughs average contribution to the grants programme has reduced from £754,545 to £258,788 (approximately a 65% reduction) with the average grants administration costs to boroughs reducing from £43,333 to £13,939 (68% reduction).

Transport and Environment Committee parking core subs have reduced from £2,000 to £1,500 over the same period. Other efficiencies have been achieved

such as the Freedom Pass administration that used to cost £14,231 per borough and is now at no cost. Similarly lorry control administration was £14,524 on average and is now at no cost.

In comparison the Local Government Association subscription rates for London boroughs have fallen by 28% from £51,919 in 2010/11 to £37,325 in 2016/17. The Local Government Association do however also receive £20m direct grant from government for sector led improvement activity.

The sub regional groups subscriptions are more complex. Local London charges a flat rate £50,000 and South London Partnership charge £30,000. Central London Forward charges a £25,000 core subscription but with annual supplements (£25,000 in 2014/15 and £19,000 in 2015/16). West London Alliance charges £35,000 plus up to £90,000 per policy area.

The Team believes it is reasonable to conclude:

- London Councils has reduced its controllable expenditure by much more than local government has reduced in the austerity years.
- Subscription rates levied have fallen more than similar rates levied by the Local Government Association.
- In the same period, most councils have found money to spend on membership of sub-regional partnerships.

The Challenge Team has heard from some borough Leaders that they still wish London Councils to become less expensive. For a few, this aspect seems to be an important first principle. Our commentary in Section 4 therefore discusses a smaller London Councils alongside other options based on broadly the same size organisation moving forward.

Section 2

Key Issues Facing London and London Councils

We conducted the vast majority of our interviews and work in the period before 23 June 2016. A majority of voting Londoners do not agree with voters in other parts of the country about the United Kingdom's role in the European Union with 2.3 million supporting 'Remain' but 1.5 million supporting 'Leave'. A majority of voting residents in five boroughs voted to leave the European Union, (Hillingdon, Sutton, Bexley, Barking and Dagenham and Havering).

Clearly the referendum vote resulting in a Government proposition to leave the European Union will have a fundamental impact on London and London boroughs. We have not factored that into our work or conclusions, because expert opinion is diverse and there are many uncertainties. We think that London will continue to be a major world city and suggest that our possible options for London Councils are still relevant. We also think that London's success will continue to depend on being internationalist, outgoing, welcoming and cohesive.

Owing to London's economic as well as political and cultural capacity it is set apart from other cities. Only New York, Hong Kong, Tokyo and Singapore come close to it as vibrant global cities. London is regularly in the top three most visited tourist destinations which is in itself a key driver of global city formation. Increasingly the capital city needs to be seen as part of a world city network and a European network with Frankfurt, Paris and Amsterdam. Its central position within infrastructure networks such as air traffic, IT hardware and telecoms infrastructure increase its attractiveness to transnational corporate bodies. It also means increasingly that London faces continued pressures in relation to migration, diversity and income inequality with a knock on impact on public services.

London's multi national firms require increasing levels of support services in finance, management consultancy, advertising and logistics. This has implications on different areas within London and the adjacent sub regions and towns especially along the main transport arteries or corridors. A lot of these support services are clustered, and to some extent moving, leading to significantly increasing housing and transport pressures in different areas. There is and will continue to be an increasing need for London Councils to work with other local authorities in the greater south east.

In turn also London faces many similar issues to the core cities around the rest of England. The increased government emphasis on devolution of financial arrangements coupled with public sector reform suggests a continuing requirement for London Councils to work with the Core Cities group to help shape how these policies develop nationally. We understand this would build on earlier work including the City Growth and Inclusive Growth Commissions.

Mayor Khan's stated priorities are set out below but he cannot do most of these without collaborating with the boroughs.

- Business, prosperity and opportunity
- Housing and estate regeneration
- Transport
- Safe and more secure London
- Skills for Londoners
- A Fairer more equal city
- A greener, cleaner London
- Improving London's health
- Making the most of the arts

Ipsos Mori surveys of Londoners' views were conducted in 2013 and 2015 on behalf of London Councils. In 2013 57% of Londoners said they trusted their local council to make decisions compared to 11% GLA, 10% Government, 18% did not trust any and 4% did not know. 50% said they 'strongly agreed' or 'agreed' London should be afforded the same kind of decentralized power as Scotland, Wales and Northern Ireland. 72% said they strongly agreed or agreed London's local government should be given greater freedom in the way it uses money raised from London Taxpayers.

By 2015 61% of Londoners said they trusted their local council compared to 9% for the GLA and central government. 62% supported transferring more powers to London local government meaning the Mayor and boroughs. Priority areas where they felt London local government should have more control were in relation to new housing 59%, Transport 46% and schools and further education 43%. These figures are significantly higher than national comparable figures that are 22%, 35% and 37% respectively. Areas where these figures are reversed i.e. lower than the national figures were infrastructure (20% compared to 61%) as well as welfare, health and social care.

Concerns around housing are increasing whereas those on migration were pretty static and those around transport, the economy and crime were decreasing.

The Challenge Team are mindful that London's current relative success; the harmoniousness of London Boroughs' collaboration and generally positive working relationships cannot be taken for granted.

We identified a number of "perfect storm" issues which if they came together might change the London environment significantly:

- London needs more housing and there is a strong risk of major tensions within and between tiers of Government over tenure balance, density and target numbers;
- There is a serious risk of fragmentation either across party lines or one or more sub regions over a difficult or misjudged issue i.e. National Non Domestic Rate redistribution;
- There is a risk that funding constraints impact so severely that services start

to reduce in quality i.e. the health and social care work or issues arising from the Fair Funding Formula for Schools or proposed Local Government Funding Review;

- Key high impact individuals may leave or be voted out and the cross party nature of London Councils is adversely affected;
- A single issue major disagreement – Heathrow or Police or Fire resource redistribution might prove decisively divisive;
- Devolution might continue apace in England with the effect of redistributing scarce resources out of London;
- A new government might 'bite the bullet' over Local Government re-organisation in England with consequences for the very existence of London boroughs.

This 'risk list' serve as a reminder that there is no place for complacency and that sustaining a spirit of positive collaboration, 'can do' problem-solving and mutual respect between individuals and institutions should help London Government both take opportunities and survive shocks.

Section 3

What do Key Stakeholders Think?

We interviewed over 60 people and below are listed the things they cited most commonly as being examples of successes they recognised London Councils had achieved in recent years. We have tried to resist in this section saying what our views are but we have pulled a number of the themes from what was said into groupings that we hope are helpful.

In terms of successful lobbying and policy development work people cited the following areas:

- Housing including the work on London's Local Housing Allowance and lobbying around New Homes Bonus funding;
- Financial settlements including National Non Domestic Rates negotiations and work on getting a more accurate estimate of London's population levels. Many cite the effective direct lobbying of the Secretary of State to protect changes that benefitted a number of boroughs but avoided this being at the expense of outer London;
- Health and social care pilots and work around the estimated financial costs of the new Care Act;
- Employment, especially around health and work changes and influencing the London Enterprise Panel's Strategy for European Structural and Investment Funds;
- Funding for additional school places in London including for SEND.

In relation to more service matters the following aspects were felt to be very positive work by London Councils:

- The Freedom Pass channel shift;
- The pensions collective investment vehicle.

Other areas included:

- Employers' pay negotiating body
- Helping introduce an informal cap on social workers pay
- Work around unaccompanied asylum seekers
- Downsizing quietly and effectively.

There was a broad consensus that London Councils needs to exist. It is currently credible and must continue to function as an effective cross party body. This is especially as capacity in boroughs is 'hollowed out' and because there needs to be a galvanising force for discussion and negotiation with the Mayor and Government.

The Department for Communities and Local Government as well as other government departments and the GLA plus other pan London bodies strongly

want to see and engage with London boroughs as a whole. There is not yet an overall cross government consensus about the role of sub regional partnerships and, however that evolves, there is no doubt that Government will also still negotiate on a pan London basis with London Councils and the Mayor.

The existing political and senior officer leadership of London Councils is often praised and there is recognition that there has been an improvement over the last ten years. Also the quality of all staff is seen as having improved even with the downsizing in the last few years. Capability and capacity has increased despite there being less staff. However it was not widely recognised that the overall numbers and those relating to Joint Committee lobbying and policy work in particular had diminished so greatly. People generally felt that London Councils had not had to reduce as much as individual boroughs.

Some of our interviewees wanted to describe felt differences between different parts of London- East and West, Inner and Outer London, Labour and Conservative. The Team understand these feelings but they are not as important to those further away from the political heart of London Councils.

There is a widespread view that there needs to be some consensus across party politics and geography and inevitably reaching that consensus in an acceptable way will take the edge off some messages. Many saw the most visible role for the organisation is to advance and protect the agreed interests of the boroughs. Many thought London Councils exercises presence or 'soft power' even where it had no formal authority. That is in the area of where the boroughs should 'pay attention' rather than 'must do' things.

The relationship with the LGA is calm and professional and there is an accommodation that London Councils leads on London issues. We found an outlier view that London Councils could be formally part of the LGA as a semi-independent division but most thought London Councils having full independence is important.

The Team compared notes with representatives of the Manchester City Region. The constitutional arrangements do not compare directly as London is much larger and the Mayor's role both more distinct and established. But the Manchester City Region, at least for a time, captured the imagination of many, as a lively collaborative, which London needs to understand as both an inspiration and a rival.

There is broad expectation amongst our interviewees that the 'professional' ambitions of the Mayor and London boroughs need to be discussed and resolved into agreed areas for joint action and acknowledged areas where action might be separate but transparent.

The arrival of a new Mayor and a new set of Deputy Mayors provides the basis for a set of discussions to find the points where all boroughs agree with the Mayor; where only some agree and where the Mayor is persuaded one or more borough

aspirations should be supported. Such a stratified list should then prompt discussion as to how policies with a good level of buy in can be taken forward.

One key priority for the Mayor is to harness digital technology better for the benefit of Londoners and visitors. Boroughs will have much to say about this and it might be an early test of how to maximize goodwill, acknowledge realities but still make progress.

There are areas where Mayor should lead and boroughs support and others where the boroughs should lead and Mayor will support. However no one interviewed had a blue print for optimising the working relationships between the Mayor and the boroughs / London Councils.

Some talk about 'London Government' as short hand for collaboration between the Mayor and GLA as well as the 33 boroughs as this has had more resonance recently via the devolution and public service reform work. This needs to be explored further to try and integrate aspects of the work of London Councils and the GLA more effectively to create greater capacity overall.

Whilst we recognize that part of the job of London Councils is to protect some of the local difference and diversity many said London Councils should be very ambitious, advancing a vision for a vibrant London and showing a willingness to change and adapt to new demands and opportunities. They want the bar to be set at global and world capital city level.

Many interviewees want London Councils to proactively develop policy and use advocacy and lobbying to put a strong case for London. There will always need to be a balance about this. London Councils will want to stand up for local difference but at the same time effect enough common discipline to make it worthwhile for others to engage with London Councils and take it seriously as a point of real connection to a shared voice for London local government.

Most interviewees think London Councils is the 'ultimate broker', thinking about how policy initiatives land in the real world.

There is also support for the implementation of public service reform at varying geographic levels and some support for the provision of common services on behalf of member authorities. For example sharing intelligence, disseminating information on better practice and innovation to drive down costs as well as supporting political and professional networks to provide the narrative framework for the future.

Most of our interviewees thought London Councils should convene light touch co-ordination and continue to play a role in designing new London-wide solutions before the delivery stage as the interlocuteur with government departments. There is a need to create informal spaces to do this as central government think London Councils ability to do this is vital. All said that sub regional partnerships can be the default delivery bodies for new devolved

responsibilities and potentially greater levels of shared services in a variety of combinations.

Currently London Borough Chief Executives aspire to 'lead' on a wide range of co-ordination issues and issues where agencies want to collaborate better. But political knowledge and ownership of this is patchy. London Chief Executives (whose meeting is known as CELC) have been aware of these issues and have worked hard to mature their arrangements, noting that their collective capacity is itself built on volunteer contributions from people with busy day jobs. A well understood application of how political leadership and officer leadership can both contribute exists in every London Borough and ought to exist for London as a whole.

The way in which the collective talent, ambition and legitimate leadership of borough Leaders works with the talent pool of borough senior staff, London Councils staff and hired experts seems ripe for maturation. Leaders need to agree this is an important key role for 'their' Chief Executives. London Councils could have a commissioning relationship with CELC, for example asking senior staff to work up options for how a particular issue might be tackled. In such an evolved system, the Chief Executive of London Councils ought to have a more obvious leadership role to ensure such system coherence. This would leave Leaders to think about the political deliverability of such options.

Only the Chief Executive of London Councils should be the most senior adviser to the London Councils Executive but should also be able, in a transparent and equitable way, to ask other senior local government staff in London to become theme or programme leads, which will probably involve advising London Council members. This 'pivot' role needs to be more obviously authorised by London Councils and CELC.

Many told us that London Councils should adopt a more visible programme approach to major areas for proactive change whilst reserving some minor capacity for convening issue based projects when boroughs so request.

The Challenge Team believes that London Councils will need to continue to care that no borough service fails badly to ensure London is seen as professional and credible. There is a recent draft agreement between the London Self Improvement Board, the 33 boroughs and the LGA on how to address poor performance and potential failure. This seeks to ensure a structured 'bottom up' London-led approach to detecting where there might be risk of poor performance. We feel that this draft should be confirmed at political level and made widely known as being the agreed approach with the LGA.

A number of interviewees aspire that London Councils should offer more to Councils who need to collaborate but are finding this hard. Others say they have got on with it without any help. London Councils could sponsor more learning events to spread examples of positive change. The Challenge Team understands Leaders will want to be aware of such options that might save cost or enhance

quality. Yet we think there could also be a more formal expectation that a culture of sharing management models and new ideas might be a responsibility for London Chief Executives.

Whilst London Councils role as a host for varied networks is valued, these need to show self discipline and management to avoid drift. The Challenge Team thinks weaker networks should not be hosted, and to this end minimum standards should be made explicit.

As a further contribution to getting the best out of limited time and capacity the Challenge Team believes London Councils ought to model how using technology for video and voice conferencing offers options for reducing diary pressures and allowing Leaders from outer London members to reduce travelling time.

Away from the detail many interviewees said that there is a need to reset the agenda, pay tribute to what London Councils has done over the last decade but it needs to 'go again' for the next decade given the major challenges faced. It needs to make sure that Mayor Khan knows this and its willingness to collaborate to get things done.

Section 4

Thoughts on Further Options for the Next Few Years

The Challenge Team contribution is not to write a prescription but rather to offer an analysis of some options to aid further debate. In such a typology it should be obvious that the options constitute something of a pick and mix selection and in our text that follows we suggest there is a broad range that includes;

Option 1 - Reduce

Faced with further reductions in grant, some borough Leaders continue to assert an ambition to see the net financial contribution to the Joint Committee and Joint Grants Committee fall further.

We are clear that all Boroughs were formally consulted in the last twelve months and by a large majority agreed the reduced but continuing grants programme.

Our assessment of the cost elements suggest:

1. Overheads are reasonable and that a determination to reduce overheads would likely require giving up 59 and a half Southwark Street and moving the office headquarters out of central London.
2. The current grants programme is very much reduced from what it was in 2010/11. In 2015 the strategy adopted by London Councils was supported by the Boroughs with one exception. However there is no legal obstacle to closing the Grants programme altogether or asking another organisation to host it.
3. Approximately 53 staff work on the policy analysis, communication, public affairs and influencing aspects as well as Mayoral and Government relations. This including direct support to those functions. All of our interviewees see this as core business. At less than two staff per borough this does not seem to us to be a swollen capacity, but beyond a practical minimum, there must be choices as to how this capacity is scaled and prioritised.
4. The Transport and Environment Committee functions are not expensive as an overhead. We doubt others could do the technical work cheaper and giving work back to the boroughs or Transport for London is not recommended.

A smaller London Councils would likely be required to pick its areas of influence carefully, allow some opportunities to pass by and drop some areas of policy support and interest altogether. This may be less attractive to staff and consequently may degrade recruitment and retention.

An alternative to further imposed cuts now might be to agree a long term settlement say no less than four years at a cash freeze on current numbers for the Joint Committee and Grants, with a proviso that inflation does not rise above a set ceiling.

Option 2 - Consolidate

London Councils is overall in good health. Of course there are grumbles and like any area of contracted spend, those paying the bill are concerned about value in a very challenging financial climate. But London Councils has talented politicians willing to serve, good quality staff and the big issues (size of the grants budget; general level of efficiency) feel as though they are reasonably settled after the 'heavy lifting' of the past six years.

With the arrival of a new Mayor this option asserts that now is not the time for fundamental change; rather it is time to hold the nerve and press the advantages of current arrangements.

This assumes that there is an on-going mutual commitment to London Government continuing to govern some key public service and devolution challenges together, via something like the Congress and Congress Executive machinery. This option also assumes that current aspirations for more devolution over helping some into work are maintained and that 'sub-regional partnerships mature further and alongside health and social care 'footprints' become ever more adept at cross borough delivery arrangements.

Further refinements would still be worth considering:

1. Some formalising of how Executive leadership over subject areas and officer leadership via London Chief Executives or other specialist Chief Officers melds together.
2. Some attention to Executive membership to ensure no Sub- Regional Partnership is unrepresented. Indeed formal representation from each sub regional partnership might be most straightforward.

Option 3 - Adapt

On the basis of our many discussions with a wide range of senior stakeholders, we can positively assert London Councils has a role in the future. Most of these fellow London interests want London Councils to show ambition, to have a vision of the sort of London that might lock in success, whilst protecting the vulnerable and ensuring London stays affordable for the many not the few.

Most assert that London Councils needs to challenge the new Mayor to collaborate, not just beg. They want to see London Councils sticking up for the vital contribution that boroughs make to daily life. They are properly obsessed with ensuring any London initiatives land well in local areas and are sympathetic to both current local opinion but also reflect local context and exploit local opportunities.

Some stress the role of London Councils as the 'protector of Borough interests'; others want London Councils to 'press for more opportunities' for the boroughs

to play a more active part in London life. We think it inevitable London Councils will do both, but the demands of being a global capital city and the real challenges to be faced will also demand compromise.

Our analysis of this renewed ambition is based on a profound belief that all boroughs understand the big London challenges - housing; air quality; social cohesion; sustainable health and social care; transport; skills - cannot be solved totally within individual borough boundaries. Boroughs we have spoken to are up for collaboration indeed for most this is evidenced by the fees they pay to be members of Sub -Regional Partnerships.

Because the Challenge Team assumes London Councils will have to operate within its existing funding envelope, some adjustments to ways of working could still be considered:

London Councils could:

1. **Focus** - on a smaller list of genuine London-wide challenge areas such as economic growth, housing, skills, air quality, health and care but not areas which are predominantly about performance -children, education, community safety, environment, leisure and the arts.
2. **Be Theme Led** - by being organised around city building themes not services with executive portfolios to match with, say, two executive members for each: Housing Opportunities; Developing Talent; Living Together; Getting Around (transportation); City Quality (environment). These roles would be established as obvious leadership jobs, with an expectation that they would work closely with Mayoral advisers. They would be in the business of exposing “how things might be ” whilst accepting that boroughs willingness to buy into doing things differently has to be won not taken for granted.
3. **Broker**—by reinventing London Councils as the convenor of all London interests, trying to find synergies through a broad leadership alliance. Many might see the Mayor as the obvious convenor of a ‘Big Tent’ of London interests but to date both Mayors have shown only slight interest in this. London boroughs are intimately involved with all the components of civil society in their patches but no one does this job at London level. However measuring success might be trying and London’s complexity might be just too great.
4. **Share capacity**- offer to build some joint capacity with the Mayor and GLA and potentially other organisations and agencies where common objectives are clear.

Option 4 - Radically different

Overall most interviewees thought London Councils did not need drastic change, but those with a national perspective observed that the Cameron Government’s interest in City regions and county devolution deals meant that London had

to be thoughtful about future governance arrangements. Bluntly, many areas of Britain might get their act together such that their economies, profile and attractiveness might grow to the detriment of London.

The Challenge team therefore suggest that there is territory that would represent an attempt at a step change.

The basic proposition is that boroughs should not assume the Mayor alone does big picture planning for the Capital.

Under this option London Councils would seek the moral high ground where boroughs can be seen to be demanding a better future, with a clear sense of their own mandates to run their own areas but also to co-produce all public services in London.

The organisation would be less pre-occupied with current services and much more fixed on future challenges, opportunities and learning from the best of urban management at home and abroad.

Under this option London Councils would need to have great analysis to understand London and all its complications. London Councils might need different expertise such as economists, risk spotters, opinion trawlers and service designers.

It would aim to learn from other world cities.

It would need great thinkers, willing to innovate. It would be the voice of Londoners, giving expression to their hopes, fears and frustrations.

It would actively push the Mayor and the London Assembly into looking more assertively at major challenges.

It would work hard at cultivating linkages between boroughs, including sub regional partnerships and others but for a set of defined purposes to advance a well judged list of major change targets.

It would preach the principles of subsidiarity, arguing for devolution to boroughs and urging them to empower local communities.

This might lead to Executive leads, sometimes working with Deputy Mayors, using London Councils staff, London Chief Executives and other senior staff from boroughs and the GLA to propose new design solutions for big London problems. Boroughs would be free to opt in or out but subtly the pressure would be on to “be part of the future”.

London Councils could be different in the following ways:

1. London Councils would have a vision for London that would be clear and distinctive.
2. There would be agreement on the big challenges to be faced.
3. London Councils would negotiate with the Mayor as to where leadership would come from in each area of work (some led by the GLA and some led by the Boroughs), what programmes of work would be a shared responsibility and what programmes would be 'single source' initiatives.
4. Joint teams of talent, led by politicians or Mayoral deputies, would look at design options.
5. Budgeting would be around programmes not as now.
6. Proposals for new ways of working could be tested by discussion with the wider London Councils' membership. Incentives, shared costs and benefits realisation could therefore be brokered more realistically.
7. Government support, or new legislation or other national agreement could be sought on a One London basis.
8. Risks could be shared as well as credit shared around.
9. Communications activity would be strengthened. There would be a new confidence about issues to be faced to ensure the Capital's bright future, even where short term hassle or controversy had to be worked through.

In terms of ways of working, London Councils could expect:

1. To recognise the Mayor as de facto convenor of London's political leadership, but on the basis of recognition that the boroughs alongside the NHS, the Metropolitan Police and Transport for London and potentially academy chains are the most significant delivery bodies for delivering for Londoners.
2. In return to expect the Mayor to commit to leading with the consent of Borough Leaders.
3. London Councils Executive and the Mayoral team would meet monthly, calling over progress and agreeing priorities for the next period.
4. Borough Scrutiny Committees would work with the Assembly to scrutinise other key London public services e.g. Whitehall and the NHS.
5. London Councils and the Mayor would agree mechanisms for working with areas outside of London on issues of mutual interest. Both the Mayor and London Councils might need a distinct officer lead to build better links with non London interests in South East England, and beyond.

Conclusion

The Challenge Teams options as laid out above are a contribution to debate. We have discovered an organisation in good standing, with a secure place in running this vibrant world city.

The arrival of a new Mayor; the arrival of a new Prime Minister (with past service as a London Councillor) and a new Cabinet; the significance of the EU exit; the complexity of London's challenges and the real nature of threats suggests this is a time for the voice of London Councils to be clear and bold.

We hope the views of interviewees we have reported and the ideas we have offered will contribute and the organisation can go from strength to strength.

Appendix A

Core Objectives of the Review

- Reflect upon the evolution and achievements in context of the support London boroughs will need going forward
- Take account of a range of policy, service, resource and wider factors impacting over next few years
- Set out a view of the sort of capability and characteristics required
- Specifically consider and take account of :
 - *Devolution and further public service reform*
 - *Impact of this on governance and delivery of services*
 - *Changing patterns of collaboration amongst boroughs*
 - *Financial environment*
 - *The guiding principles regarding cross party working*
 - *Relationships between elected members, operating on a collective basis, staff employed by London Councils and managerial and professional leadership of London local government*
 - *Other major issues i.e. new mayor and changes to local government finance*

Appendix B

List of Interviewees

(titles correct at the time of interview)

Leading Members of London Councils

Mayor Jules Pipe, London Councils Chair, Portfolio Lead for Finance & Resources, Welfare Reform, Culture & Tourism and Mayor of Hackney

Councillor Teresa O'Neill, Portfolio Lead for Health and Leader of London Borough of Bexley

Councillor Ravi Govindia, Leader of London Borough of Wandsworth, Conservative Whip and Housing spokesman

Councillor Peter John, Portfolio Lead for Children, Employment & Skills and Leader of London Borough of Southwark

Mayor Sir Steve Bullock, Portfolio Lead for Housing and Leader of London Borough of Lewisham

Councillor Ruth Dombey, Leader of London Borough of Sutton

Councillor Julian Bell, Portfolio Lead for Transport & Environment and Leader of London Borough of Ealing

Councillor Philippa Roe, Leader of City of Westminster

Councillor Ray Puddifoot, Portfolio Lead for Adult Services and Leader of London Borough of Hillingdon

Councillor Claire Kober, Portfolio Lead for Infrastructure and Regeneration and Leader of London Borough of Haringey

Councillor Lib Peck, Portfolio Lead for Crime and Public Protection and Leader of London Borough of Lambeth

Mark Boleat, Chairman of Policy & Resources Committee, City of London Corporation

Councillor Stephen Carr, Leader of London Borough of Bromley

Councillor Chris Robbins, Leader of London Borough of Waltham Forest

Sub-Regional Chairs

Mayor Sir Robin Wales, Chair of Local London Group and Leader of London Borough of Newham

Councillor Muhammed Butt, West London Alliance Chair and Leader of London Borough of Brent

Councillor Nicholas Paget-Brown, Chair of Central London Forward and Leader of Royal Borough of Kensington and Chelsea

Councillor Stephen Alambritis, Chair of South London and Leader of London Borough of Merton

Greater London Authority (GLA)

Jeff Jacobs, Head of Paid Service

David Lunts, Executive Director of Housing and Land

Fiona Fletcher-Smith, Executive Director of Development, Enterprise and Environment

Martin Clarke, Executive Director, Resources

David Bellamy, Mayor's Chief of Staff

Jack Stenner, Mayoral Director for Political and Public Affairs

Chief Executives London Committee (CELC)

Lesley Seary and Will Tuckley – Secretary and Chair of CELC and Chief Executives of London Boroughs of Islington and Tower Hamlets

Martin Smith, Chief Executive of London Borough of Ealing

Nick Walkley, Chief Executive of London Borough of Haringey

Mary Harpley, Chief Executive of London Borough of Hounslow

Paul Martin, Chief Executive of London Borough of Wandsworth

Charlie Parker, Chief Executive of London Borough of Westminster

Carolyn Downs, Chief Executive of London Borough of Brent

Department for Communities and Local Government (CLG)

Simon Ridley and Catherine Doherty – Director General, Decentralisation and Growth and Deputy Director, Localities and London Policy

Local Government Association (LGA)

Mark Lloyd and Dennis Skinner – Chief Executive and London Regional Associate

City of London Legal Advisors

Michael Cogher and Anne Pietsch – Comptroller and City Solicitor's Department

Health

Dr Anne Rainsberry, Regional Director (London), NHS London

Dr Yvonne Doyle, Regional Director, Public Health England

Police

Assistant Commissioner Craig Mackey, Metropolitan Police Service

Helen Bailey, Chief Operating Officer, Mayor's Office for Policing and Crime

Business

John Dickie, Director of Strategy & Policy, London First

Sir Harvey McGrath, Chairman of London Enterprise Panel (LEP)

London Environmental Directors Network (LEDNET)

Chris Lee, Chair of LEDNET

Sue Foster, Strategic Director, Delivery, London Borough of Lambeth

London Association of Directors of Adult Social Services

Cathy Kerr, Director Adult and Community Services, London Borough of Richmond upon Thames

London Directors of Public Health

Jonathan Hildebrand, Director of Public Health, Royal Borough of Kingston upon Thames

Vicky Hobart, Director of Public Health, London Borough of Redbridge

Directors of Housing

Laura Johnson, Director of Housing, Royal Borough of Kensington and Chelsea

Genevieve Macklin, Head of Strategic Housing, London Borough of Lewisham

Others

Robert Gordon Clark, London Communications Agency

Bob Neill MP and Steve Reed MP, All Party Parliamentary Group for London

Sir Howard Bernstein, Chief Executive of Manchester City Council

Chris Murray, Director, Core Cities.

Appendix C

Expenditure and Staff Number Reductions between 2010/11 and 2016/17

	2010/11	2016/17	Change
	£	£	%
Joint Committee	21.6m	8.9m	-59
FTE	116.34	69.4	-40
Grants	30.1m	10.5m	-65
FTE	23.91	6.16	-74
TEC	300.2m	379.8m	+25
FTE	55.62	37.74	-32
Total Spend	352m	398m	+13
FTE	195.87	126.59	-35

