

London Finance Commission 2 – Terms of Reference

Purposes

The Mayor of London has re-formed the 2016 London Finance Commission to review, refresh and revise its original recommendations in the light of changed circumstances; in particular the referendum vote to leave the EU, the Mayor's new priorities, and the progress on devolution that has been made since the 2013 *Raising the Capital* report. As before, the Commission is to help the Mayor and London's local authorities improve the tax and public spending arrangements for London in order to promote jobs, growth and greater equality. He wants the Commission to examine the potential for greater devolution of both taxation and the control of public expenditure (capital and revenue) to achieve this goal.

Overall approach

The Commission will hold a short initial inquiry and report by late Autumn 2016. This will include publishing interim findings and developing an evidence-based approach to its recommendations. Subsequent work by the Commission or others may then be requested by the Mayor, depending on its findings.

Objectives

The objectives of the initial inquiry of the 2016 London Finance Commission are to:

- Review and assess existing arrangements for government funding of London, including capital and revenue. This exercise should assess how they compare to other countries, regions and cities internationally and within the UK and how revenues raised are distributed locally, regionally and nationally. The position in 2016 will be compared to 2013, as will the wider context of devolution within the UK and the significant democratic and constitutional changes since 2013.
- Examine the relative scale and distribution of London and the United Kingdom's public expenditure, within the context of the wider South East region, with a view to considering the plausibility of a ringfenced settlement for the capital.
- Examine options for change within the changing context of the UK and its relationship with the European Union, including the potential to devolve to London's elected leaders both more of the taxes Londoners and London businesses pay and greater control over public expenditure decisions. Appropriate checks, balances and accountabilities will apply and the roles of the different tiers of local government will be considered.
- Set out the advantages and disadvantages, of a number of options and make recommendations.
- Ensure the Commission's recommendations are in the best interests of the UK.

The Commission should take account of existing Government consultation on reforms to business rates. The LFC will refresh the data from the original report to bring it up to date.

The key outcome to achieve is a devolution agreement in the Government's Autumn Statement and in subsequent fiscal events. A subsidiary aim is to help assess the options for funding Crossrail 2 and other major infrastructure.

Scope

The Commission may consider all taxes raised and government expenditure incurred within London and make recommendations as it sees fit for improvements in accountability and local control. These reforms considered will be sequenced according to priority. The scope of the review will not be limited other than by the purposes and objectives set out above.

Members

Chair: Professor Tony Travers, Director of London, London School of Economics and Political Science

Alexandra Jones, Chief Executive of Centre for Cities
Ben Rogers, Chief Executive of Centre for London
Bharat Mehta, Chief Executive of Trust for London
Bob Neill, MP for Bromley and Chislehurst
Dr Nick Bowes, Mayoral Director of Policy
Councillor Claire Kober, Chair of London Councils
Colin Stanbridge, Chief Executive of the London Chamber of Commerce and Industry
John Dickie, Director of Strategy of London First
Jules Pipe, Deputy Mayor for Planning, Regeneration and Skills
Len Duvall, London Assembly Member
Councillor Teresa O'Neill, Deputy Chair of London Councils
Tony Pidgley, Chair of Berkeley Homes

Observers

Guy Ware, Director of Finance, Performance and Procurement, London Councils
Ian Nunn, Director of Finance, TfL
Jeff Jacobs, Head of Paid Service GLA
John O'Brien, Chief executive of London Councils
Martin Clarke, Director of Finance GLA

Secretariat

James Lee, Senior Policy Officer GLA
Jeremy Skinner, Head of Economic Growth GLA