

Subject: Assembly Budget Requirements 2024-25

Report to:	GLA Oversight Committee
Report of:	Executive Director of the Assembly Secretariat
Date:	1 November 2023
Public Access:	This report will be considered in public

1. Summary

- 1.1 This report sets out the timetable and process for the Assembly to inform the Mayor of the Assembly's estimated 2024-25 budget requirement by 24 November 2023, in advance of the Mayor issuing a draft budget proposal, and requests the Committee to agree and recommend to the Mayor the proposed Assembly budget submission for 2024-25.

2. Recommendations

- 2.1 **That the Committee considers the Mayor's budget guidance and agrees the London Assembly's draft budget requirement for 2024-25 as set out at Section 8 of this paper for recommendation to the Mayor, subject to any changes prior to the final agreement on the budget in February 2024 to reflect:**
- **Any further advice from the Executive Director of Resources on contingencies and financial reserves; and**
 - **Any changes that emerge during the remainder of the budget process;**
- 2.2 **That the Committee notes that the detailed allocation of the 2024-25 Assembly budget will be presented to this Committee for consideration and decision in March 2024, following confirmation of the overall GLA Group budget for 2024-25 in February 2024, with a further report to the GLA Oversight Committee in May or June 2024 to consider any further changes to allocations necessitated by the outcomes of the 2024 GLA Elections.**

- 2.3 **That the Committee approves the general use of the Assembly's budget, as allocated to the relevant teams within the Secretariat by the Committee in March each year, as set out in section 5 of this report.**
- 2.4 **That the Committee agrees the proposed approach to the application of the formula for Group budgets from 2024-25 onwards, as set out in Section 9 of this report and notes the potential impact of the GLA's job families work, as set out in Section 10 of this report.**
- 2.5 **That the Committee agrees the proposed approach to the provision of additional resource to support the application of a pay award for employees of London TravelWatch, in line with awards made by the GLA, and the maintenance of a small reserve, as set out in Section 11 of this report.**

3. Background

- 3.1 The Greater London Authority (GLA) Act 2007 introduced separate component budgets for the London Assembly and the Mayor, with the aim of giving the Assembly more control over its own budget and thus protecting its ability to continue to carry out its statutory functions.
- 3.2 The component budget for the Assembly comprises the estimates for defined expenditure (essentially direct expenditure), income and appropriate contingencies and financial reserves. The component budget for the Mayor comprises those items for the rest of the GLA.
- 3.3 The expenditure that is to be regarded as incurred by the Assembly in the performance of its functions includes any expenditure by the Authority in the performance of its functions which is incurred in respect of any of the following:
 - (a) The Assembly Members;
 - (b) The Assembly;
 - (c) The Secretariat (defined as employees of the Authority who normally work as support staff for the Assembly or Assembly Members);
 - (d) Goods or services procured solely for the purposes of the Assembly; and
 - (e) The London Transport Users' Committee (London TravelWatch).
- 3.4 Expenditure incurred on accommodation in relation to the Assembly's business and goods and services provided or procured for the Authority in general are deemed by the legislation to be part of the Mayor's budget.
- 3.5 The legislation defines the Assembly's functions as:
 - (a) Such of the functions of the Authority as are exercisable only by the Assembly acting on behalf of the Authority; and
 - (b) The Assembly's function of acting jointly with the Mayor in the case of those functions of the Authority which are exercisable only by the Mayor and the Assembly acting jointly on behalf of the Authority.

4. Timetable and Process

4.1 This report provides the basis for this Committee, on behalf of the Assembly, to inform the Mayor of the London Assembly's estimated 2024-25 budget requirement, in advance of him issuing a draft budget proposal for the GLA. It also then provides Members with a reference point for any future discussion with the Mayor on the Assembly's budget throughout the budget process.

4.2 The planned timetable and process that will then follow is set out here:

Mid to late-December to mid-January	The Mayor consults the Assembly and other appropriate bodies on his draft budget proposals.
Mid to late January	The Mayor determines the final contents of his draft consolidated budget which he is expected to publish on 17th January 2024 and present to the Assembly in January 2024 (the meeting is currently scheduled for the 25th January 2024) for the Assembly to approve with or without amendment.
Early to mid-February	The Mayor prepares and publishes his final draft consolidated budget in mid-February (which is currently expected to be on 14th February 2024) and presents it with or without Assembly amendments to the Assembly in February 2024. The Assembly then approves the Mayor's final draft consolidated budget with or without amendment. The only amendments which can be made are those agreed by at least two-thirds of Assembly Members present and voting in favour.

4.3 At the final budget stages, the Committee will note that the GLA Act 2007 limits the Assembly's powers to amend the Mayor's draft component budget requirement for the Assembly by reference to the year-on-year change in the Mayor's draft component budget requirement for the Mayor.

5. The Assembly

5.1 The primary purpose of the London Assembly is to hold the Mayor to account and investigate matters of interest to Londoners. This function is discharged in a variety of ways, including through direct questioning at the statutory Mayor's Question Time (MQT) meetings and other Assembly meetings, investigations and monitoring undertaken by the Assembly's committees and panels, and bringing the work, recommendations and views of the Assembly to the attention of key stakeholders. Assembly Members also have a representative role in relation to their constituents.

5.2 The Secretariat supports the Assembly's functions primarily through the work of five services:

- (a) Member Services (the staff working for each party Group or any single Members). The Member Services budgets support the staffing and corporate resource for the party group teams and activities such as staff training, Members' stakeholder communications, engagement and events, Member development and support for interns / work experience placements;
- (b) Scrutiny – the Scrutiny team's budget supports staffing and corporate resource for this team, and includes a small budget that supports the Assembly scrutiny committees' work, including events, site visits, surveys, focus groups and public engagement. This budget also makes some small provision for engagement with other scrutiny institutions and practitioners;

- (c) Committee Services – the Committee Services team budget supports staffing and corporate resource for this team, and activities such as transcription services for Assembly and committee meetings and the Secretariat’s agenda management and MQT database systems, as well as support for the Secretariat’s participation in the UK-wide Committee Secretariats’ Network. In addition, the Assistant Director for Committee & Member Services is also the budget holder for the Assembly Members’ cost centre, which funds Members’ salaries and pension payments, Member development, catering, IT equipment and printing costs (as necessary);
- (d) Communications – the Communications team’s budget supports staffing and corporate resource for this team, and activities such as the Secretariat’s media monitoring services, the provision of specialised equipment and software for video and digital content; and
- (e) Executive Director – the Director’s budget supports staffing and corporate resource for the Director and Executive Support function and ancillary costs – for example legal advice or recruitment consultancy.

6. Mayor’s Budget Guidance

- 6.1 The Mayor’s budget guidance indicates that the GLA, function bodies and the Assembly should continue to work to the assumptions set out in the 2024-25 ‘core central scenario’, recognising that the figures will remain indicative until the local government funding for 2024-25 and the 2022-23 outturn position for business rates and council tax are confirmed. This scenario is underpinned by a series of assumptions including that retained business rates baseline funding level is increased by 2.5%, a 1.5 per cent uplift in the overall council tax base; and a 2.99% increase in the Band D council tax precept for police and non-police services.
- 6.2 The following table shows the approved control totals for 2024-25 (adjusted for the Assembly to reflect the impact of the 2023-24 pay award). Figures are rounded to one decimal place.

Discretionary Mayoral funding control totals (all £ millions)	Baseline 23-24 incl.one off funding	Baseline 23-24 excl.one off funding	24-25	25-26	26-27
GLA Mayor	237.6	126.0	128.5	130.7	132.0
GLA: Assembly	8.5	8.5	8.7	8.8	9.0
MOPAC	1004.4	999.4	1,042.8	1,078.2	1,114.8
LFC	447.4	447.4	470.4	489.4	509.2
TfL	2,169.4	2,168.5	2,258	2,280.5	2,303.5
LLDC	29.7	29.7	30.4	22.7	23.2
OPDC	7.0	7.0	7.2	7.3	7.5
Group items	44	2.8	3.3	3.4	3.5

Additional Provisions	91.2		70.0		
Total	4,038.8	3,789.9	4,019.0	4,029.9	4,103.3

7. Impact on the Assembly and Secretariat

- 7.1 The trajectory of the Assembly budget remains broadly as anticipated over the course of this term. We continue to see the anticipated deficit between the Secretariat's costs and the proposed budget allocation, with the deficit continuing to reduce in future years, in line with our expected trajectory towards a balanced budget. There are some increases to costs this year as a result of incremental pay changes.
- 7.2 Underspends incurred in 2022-23 and projected for 2023-24 provide some flexibility in dealing with the remaining savings to be found in this and future years. Those underspends have occurred as a result of significant change within teams over this period, and mean the Assembly reserve is in a very healthy position. Against this backdrop, officers do not anticipate the need to look at vacancy factors or other measures to deliver a balanced budget. We are recommending a draw on the reserve if required at the end of the year. It is recommended that the Assembly's response to the budget guidance underlines the importance of ensuring the budget in future years continues to take full account of incremental cost increases, and to ensure the deficit continues to reduce as planned (noting the savings that have been delivered over the course of this term).

8. Proposed Way Forward

- 8.1 The table below shows the projected budget position from 2023-24 to 2026-27.

	23/24 £000	24/25 £000	25/26 £000	26/27 £000
Assembly Members	1,970	1,932	1,932	1,932
Members Services – Party Groups total	2,459	2,479	2,523	2,546
Scrutiny	1,746	1,786	1,820	1,841
Committee Services	803	836	846	854
Assembly Communications	421	429	433	435
Director/Business Support	346	356	361	364
London TravelWatch	1,110	1,148*	1,148	1,148
Total	8,855	8,966	9,063	9,120
Budget	8,497	8,683	8,838	8,997
Anticipated reserve draw down	c.350	c.280	c.225	c.125
*This number may be adjusted in final proposals to reflect an agreed approach to any 24/25 pay award for LTW staff.				

- 8.2 The reserve’s primary purpose is to ensure the Assembly is able to meet resettlement grant costs post-election. Average turnover following a GLA election has been 10 Members or 40%. Resettlement grants are calculated on a formula related to length of service and age and if a similar turnover of 40% happened in 2024 then the forecast estimate requirement would be approximately £330,000 based on the profile of current members. With this in mind, a broad reserve trajectory might be as below, and which demonstrates that higher costs could be supported in the event of an exceptional result.

Reserve Trajectory	£000
Revised Assembly Reserve balance 1 April 2023	2,538
Forecasted 23-24 underspend	300
Likely balance at end of 2023-24 (pre-election)	2,838
Potential resettlement cost draw down	-330
Potential drawdown to cover deficit 2024-25	-280
Potential drawdown to cover deficit 2025-26	-225
Potential drawdown to cover deficit 2026-27	-125
Projected remaining Reserve	£1,878

9. Group Budgets Post-election

- 9.1 Members will be aware that Group level budgets are revisited immediately after GLA Elections. Group budgets are re-set in line with an equal £-per-Member formula. Occasionally some adjustments are required to that formula to ensure a base level of support for smaller groups, and with the agreement of all Groups.
- 9.2 The application of differentiated in-year pay awards has had an impact on the extent to which it is possible to maintain a clear link between the formula applied immediately post-election and Group budgets over the course of a term. Each Group has a different structure and uses different roles at different grades to deliver priority support services. This means that initial budgets will grow at different rates according to the individuals in post (and their grade). It is essential that individuals employed within Groups are treated in line with others within the Secretariat and GLA. The formula cannot constrain the ability to ensure pay stays in line with GLA practice. As such it is proposed that Group budgets are set in line with the formula at the start of each Assembly year. Budgets set at the start of future years within an Assembly term may diverge from this strict percentage split – but any such changes must demonstrably be shown to be the result of pay or associated changes only.
- 9.3 In addition, it is noted that the formula system does not always provide the necessary flexibility to ensure that Groups are able to directly meet the costs of the application of GLA corporate policy. It is already an established position that costs associated with maternity or paternity leave are met centrally. It has further been agreed that similar pragmatic consideration will be given where costs arise in respect of similar or associated policies. Such costs will be met from Group or central Secretariat underspends in the first instance, and then from corporate GLA budgets where needed. This ensures Group staff are not at a disadvantage to those in other parts of the GLA (and will apply equally across all Groups).

10. Job Families

- 10.1 The Secretariat budget may be affected by the outcomes of the GLA's job families work in the course of 2024-25. This may have a further impact on the formula approach outlined above. Members are invited to note this further potential for change in the coming financial year, and the commitment from both the Chief Officer and Mayor's Chief of Staff that any such costs will be met centrally both next year and beyond. This ensures that Secretariat employees – and particularly those in Group Offices – will be treated in line with GLA policy and not affected by specific Group budgetary constraints.

11 London TravelWatch

- 11.1 The London TravelWatch (LTW) budget has stayed at a relatively flat level (c £1.1m) for a number of years. The Transport Committee will consider proposals for 2024-25 LTW budget at its meeting in November. The proposals include a small uplift to last year's budget (£34,000), to reflect the impact of the 2023-24 pay award. There is currently no formal agreement between the GLA, London Assembly and LTW about how in year pay awards might be met or paid for (and following a number of years of limited changes to pay). There is now a clear need to agree an approach and to ensure LTW can budget appropriately.
- 11.2 It is proposed that the Assembly's budget submission includes a request for additional provision to cover the cost of a pay award for LTW staff at the same rate as that provided for GLA employees. This would be apportioned in-year, alongside the funds made available to the Assembly to cover the costs for Secretariat employees and would not require an adjustment to either the LTW or Assembly requirement at the start of the year. It is important that LTW employees are able to receive fair pay awards, in line with wider sectoral practice. LTW has worked hard to absorb the cost of incremental pay awards within existing budgets (for example, a new lease for office space is being finalised at a lower rent than at present). However, as a small organisation, LTW does not have the budgetary capacity to further absorb in-year pay awards. It is also considered that such an approach ensures there is no false choice between appropriate awards for LTW employees, and resource demands within the Assembly in the face of wider inflationary pressures.
- 11.3 Officers have also been in discussion with the Chief Executive of the LTW about the establishment and maintenance of an appropriate LTW reserve. LTW have accrued a small reserve of around £100,000 as a result in part of an underspend last year and in line with a decision taken by the LTW Board that the organisation should develop a reasonable contingency, to provide some appropriate flexibility and security. It is recommended that LTW over time builds a reserve up to £250,000 (approximately equivalent to just 3 months' annual expenditure), using underspends if and when they arise to maintain the reserve to this level on an on-going basis. Any additional underspends that arise should be used to meet the costs of in-year pay awards (off-setting the ask to the GLA) or where not required, returned to the Assembly reserve at the end of each financial year.

12. Legal Implications

- 12.1 Under the GLA Act 1999 (as amended) Schedule 6 paragraph 1(1) the Mayor and the Assembly must prepare and approve for each financial year, in accordance with Schedule 6 of that Act, a component budget for each constituent body and a consolidated budget for the Authority.

- 12.2 By virtue of section 85(3) of the GLA Act 1999 (as amended), the Mayor and the Assembly are separate constituent bodies, for the purposes of budget setting, and the Assembly has its own component budget. Sections 85 and 86 of the GLA Act 1999 (as amended by the 2007 Act) contain formulae for calculating each constituent body's component budget requirement.
- 12.3 The Assembly's functions are defined in the GLA Act 1999 (as amended) section 85(14) as such functions of the Authority as are exercisable only by the Assembly acting on behalf of the Authority; and the Assembly's functions of acting jointly with the Mayor in the case of those functions of the Authority which are exercisable only by the Mayor and the Assembly acting jointly on behalf of the Authority.
- 12.4 In addition, the GLA Act 1999 (as amended) section 85 (11) defines what expenditure is to be regarded as incurred by the Assembly in the performance of its functions (and therefore to be included within its component budget) as any expenditure by the Authority in the performance of its functions which is incurred in respect of any of the following:
- (a) the Assembly Members;
 - (b) the Assembly Secretariat (defined as employees of the Authority who normally work as support staff for the Assembly or Assembly Members);
 - (c) goods or services procured solely for the purposes of the Assembly; or
 - (d) the London Transport Users' Committee (known as London TravelWatch).
- 12.5 It does not, however, include expenditure by the Authority in respect of (i) accommodation provided or procured in whole or in part for the conduct of the business of the Authority, or (ii) goods or services provided or procured for the Authority in general (see GLA Act 1999 (as amended) section 85 (11-12)).
- 12.6 The GLA Act 1999 (as amended) Schedule 6 sets out the procedural requirements for determining the component budget requirements of the constituent bodies. This applies to the Assembly's component budget and includes a requirement for the Mayor to consult with the Assembly.
- 12.7 Under paragraph D1 of the Terms of Reference of the Assembly's GLA Oversight Committee, that committee has the power to recommend to the Mayor a budget proposal for the London Assembly for the following financial year.
- 12.8 The Recommendations at Section 2 of this report fall within the powers of the Assembly's GLA Oversight Committee.

13. Financial Implications

- 13.1 The proposals aim to deliver a balanced budget, alongside a request to the Mayor for additional funds to cover the impact of a pay award for London TravelWatch staff (in line made with any in-year award made to GLA staff). The proposals reflect the picture of spend in recent years, and a prudent approach to reserve draw downs (noting the need to retain appropriate levels of Reserves for costs following the 2024 and future elections). Further updates will be made as required ahead of the February 2024 draft budget.
-

List of appendices to this report:

None

Local Government (Access to Information) Act 1985

List of Background Papers:

[Mayor's Budget Guidance 2023-24](#)

Contact Information

Contact Officer:	Helen Ewen, Executive Director of Assembly Secretariat
E-mail:	helen.ewen@london.gov.uk