

# **Subject: Assembly Budget Requirement 2016-17**

**Report to: GLA Oversight Committee**

**Report of: Executive Director of Secretariat and  
Executive Director of Resources**

**Date: 22 October 2015**

**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 2016-17 budget requirement 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 2016-17.

## **2. Recommendation**

- 2.1 **That the Committee agrees the London Assembly's draft budget requirement for 2016-17 for recommendation to the Mayor, subject to any changes that might be necessary prior to the final agreement on the budget in February 2016 to reflect:**
- (a) **Any further advice from the Executive Director of Resources on contingencies and financial reserves; and**
- (b) **Any changes that emerge during the remainder of the budget process.**

## **3. Background**

- 3.1 The 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 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; and
  - d) 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 Prior to the Mayor issuing draft budget proposals for the GLA Group for wider consultation (normally in December each year), the Mayor must consult the Assembly before proposing draft budgets for the Mayor and the Assembly. The Assembly's Budget and Performance Committee (in accordance with its agreed terms of reference) will consider those proposals (the draft budgets for the Mayor and Assembly) at its meeting to be held in November 2015.
- 4.2 This report provides the basis for the Committee, on behalf of the Assembly, to inform the Mayor of the Assembly's estimated 2016-17 budget requirement in advance of him issuing a draft budget proposal. 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.
- 4.3 The planned timetable and process that will then follow is set out below:

Mid December to mid January	The Mayor consults the Assembly and other appropriate bodies on the draft consolidated budget.
Mid to late January	The Mayor determines the final contents of his draft consolidated budget and presents it to the Assembly at its meeting on 27 January 2016 for the Assembly to approve with or without amendment.

Early to mid-February	The Mayor prepares and presents his final draft consolidated budget with or without Assembly amendments (in the latter case the Mayor must provide a written statement of reasons) to the Assembly on 22 February 2016. 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 the Assembly Members voting in favour.
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- 4.4 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 is done in a variety of ways including questioning at Mayor's Question Time meetings and other Assembly meetings, investigations and monitoring by the Assembly's committees and panels, individual rapporteurships by Assembly Members 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 As there are elections for the Mayor and Assembly in May 2016 the specific objectives and targets will be for the new Assembly to set after the election.
- 5.3 The Secretariat supports the Assembly's functions primarily through the work of three teams:
- Member Services (the staff working for each Party Group/single Member);
  - Scrutiny and Investigations; and
  - Committee Services.
- 5.4 In addition, there is a budget for the Director/Business Support.
- 5.5 The Assembly's budget for 2015-16 totals £7.178 million, as follows:

<b>Budget</b>	<b>2015-16 £000</b>
Assembly Members	1,765
Member Services	2,092
Scrutiny & Investigations <sup>1</sup>	1,536
Committee Services	508
Director/Business Support	221
London TravelWatch	1,056
<b>Total</b>	<b>7,178</b>

<sup>1</sup> Incorporating External Relations function

5.6 The total of £7.178 million is funded as follows:

	2015-16 £000
Business Rates Retention	2,054
Revenue Support Grant	2,541
Council tax	2,615
<b>Total</b>	<b>7,178</b>

The amount raised from the council tax represents a cost to a Band D Council Tax household of less than £1 a year.

5.7 The Mayor's budget guidance issued in July 2015, required each member of the GLA Group to prepare budget proposals consistent with his policy priorities and in particular his commitment to reduce the Council Tax precept by 10 per cent over his Mayoralty. The Mayor invited the Assembly to illustrate savings of £150,000 for 2016/17.

5.8 As has been the case in previous years, managers in the Secretariat have reviewed budgets with the aim of identifying efficiency savings whilst maintaining the support required for the Assembly to carry out its statutory functions. The budget available to the Assembly has fallen from £7.744 million in 2012/13 to £7.178 million in 2015/16 at the same time as covering a widening scrutiny remit including, development corporations, devolution and regeneration alongside a significant increase in the scrutiny of additional policy areas such as health and education

## 6. Potential Savings

6.1 As a result of the reviews referred to above managers have identified the following areas where efficiency savings can be made. Further savings would have an adverse impact of the Assembly's ability to carry out its statutory functions as there would be less/shallower scrutiny of the decisions and activities of the Mayor and functional bodies and the Assembly's ability to respond to additional, short term issues would be affected. In addition there are many uncertainties around 2016/17 given that there will be Mayoral and Assembly elections in May 2016.

6.2 2016/17

Unit	£'s
Directors Budget	4,000
Committee Services	5,000
Scrutiny	10,000
Member Services	
Labour Group Support	10,000
Conservative Group Support	7,000

Unit	£'s
Travelwatch	20,000
<b>Total</b>	<b>56,000</b>

## 7. Reserves

- 7.1 The Assembly currently has reserves of £1,478,000 of which £860,000 is earmarked for commitments in relation to Assembly Members Resettlement Grant payments and the remainder is to cover any potential redundancy costs in the future and other unforeseen demands on the Assembly's budgets. The maintenance of this reserve becomes even more important as the pressure on the budgets increase.
- 7.2 The Authority's chief finance officer has a duty to report on the robustness of the adequacy of the proposed financial reserves and this will be covered in advice to the Mayor and the Assembly when final budgets are set in 2016.

## 8. Proposed budget submission

- 8.1 As discussions on pension arrangements are ongoing the proposed figure for Assembly Members still includes the 12% Employer contribution to the LPFA pension arrangements which will end on 31 March 2016.
- 8.2 There is also an added significant increase in employers National Insurance (NI) in 2016/17 due to the abolition of the current practice whereby employers receive a NI rebate of 3.4% for contracting out of the second state pension to enter final-salary schemes. The element of the provision required for the increase in NI is £91,000 for 2016/17 .
- 8.3 In light of the information provided above and noting that the budget process does not conclude until February 2016, the proposed budget submission that Members are asked to agree and recommend to the Mayor is currently as follows:

Budget	2015-16 £000	2016-17 £000
Assembly Members	1,765	1,792
Member Services	2,092	2,092
Scrutiny & Investigations <sup>2</sup>	1,536	1,569
Committee Services	508	515
Director/Business Support	221	219
London TravelWatch	1,056	1,036
<b>Total</b>	<b>7,178</b>	<b>7,213</b>

<sup>2</sup> Incorporating External Relations function

## **9. Legal Implications**

- 9.1 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.
- 9.2 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.
- 9.3 Sections 85 and 86 of the GLA Act 1999 (as amended by the 2007 Act) contain formulas for calculating each constituent body's component budget requirement.
- 9.4 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.
- 9.5 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).
- 9.6 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)).
- 9.7 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.
- 9.8 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.
- 9.9 Recommendation 2.1 of this report falls within the powers of the Assembly's GLA Oversight Committee.

## 10. Financial Implications

10.1 These are analysed in the body of this report.

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### List of appendices to this report:

None.

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
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