

Greater London Authority Finance & Performance Monitoring Report Outturn 2014-15

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1. Introduction

- 1.1. This report provides a summary of the year-end financial and performance data for the GLA, including the outturn position for 2014-15 (subject to final accounting adjustments), approved budget carry forward requests, key progress and issues for consideration.

2. Executive Summary

Revenue

- 2.1. After adjusting for budgets carried forward to be used in 2015-16, the GLA reported a favourable variance of £20.4m:

	£m
• Retained business rates	9
• Interest receivable	5
• Interest payable	3
• Corporate contingency	3
Total	20

- 2.2. A provision of £4m has been created to meet potential contingent liabilities and the remaining balance has been used to create a reserve to manage any fluctuations in spending of the Mayoral Development Corporations.

Capital

- 2.3. The Capital Spending Plan underspent by £326m. Significant areas of underspending were:

	£m
• Mayor's Housing Covenant	112
• Northern Line Extension	85
• Compulsory Purchase Orders (CPOs)	25
• Mayor's Regeneration Fund	24
• Super-Connected Cities	20
Total	266

- 2.4. While the majority of the underspending represents slippage into future years, the CPO underspend includes savings on cases settled during the year of £9m.

3. Project performance

- 3.1. Key project performance indicators are captured in the table below.

Table 1: Project Ratings

	July 2014	Sep 2014	Dec 2014	Mar 2015
GREEN	<p>↑ RE:NEW</p> <p>84</p>	<p>↑ OLF North Finchley</p> <p>↑ MRF Haringey Growth on the High Road</p> <p>↑ GPF London Works</p> <p>78</p>	<p>↑ OLF Cricklewood</p> <p>↑ MRF Haringey Opportunity Investment Fund</p> <p>↑ MRF Haringey CPZ</p> <p>80</p>	<p>↑ Hyfive (Hydrogen for innovative vehicles)</p> <p>OLF:</p> <p>↑ Haringey Green Lanes</p> <p>↑ Blackhorse Lane</p> <p>↑ Balham Town Centre</p> <p>↑ MRF: Colliers Wood</p> <p>↑ GPF Construction Skills CITB</p> <p>93</p>
AMBER	<p>↓ MRF Colliers Wood</p> <p>↓ MRF Haringey Growth on the High Road</p> <p>↓ OLF Rainham</p> <p>↓ OLF Blackhorse lane</p> <p>↓ OLF Balham Town Centre</p> <p>↓ Host Boroughs</p> <p>↓ English key to integration</p> <p>43</p>	<p>↓ MRF Croydon Old Town Masterplan</p> <p>↓ GPF construction skills</p> <p>↓ Smart Cities</p> <p>↓ RE:NEW</p> <p>↓ RE:FIT</p> <p>↑ MRF Haringey Accessibility and Parking</p> <p>51</p>	<p>↑ New Year's Eve</p> <p>51</p>	<p>↓ MRF: Hackney Fashion Hub</p> <p>↓ RE:NEW</p> <p>37</p>
RED	<p>↓ MRF Haringey Access & Parking</p> <p>3</p>	<p>↓ OLF Haringey Green Lanes</p> <p>3</p>	<p>↓ GPF West Anglia Route</p> <p>2</p>	<p>2</p>
Total	130	132	133	132

4. Financial performance

Revenue

4.1. The revenue outturn for 2014-15 is a favourable variance of £27.9m, after carrying forward £30.4m to 2015-16.

4.2. £23.2m of the total carry-forward requested is accounted for by:

	£m
• Regeneration funds	9.8
• Apprenticeships	1.9
• Community Right to Build	2.6
• Interest on Recycled Capital Grant Funding	2.0
• Sports legacy	2.1
• Team London	0.6
• LLDC	4.2

4.3. Further favourable variances within the Resources Directorate are directly attributable to Corporate Items including additional interest generated on cash balances and savings in the debt servicing and contingency budgets, as reported at the third quarter.

Table 2 – Revenue Outturn

Directorate	Original Budget £m	Revised Budget £m	Actual Expenditure £m	Variance £m
Development, Enterprise & Environment	33.0	46.1	30.8	(15.3)
Housing & Land	30.3	33.1	32.3	(0.8)
Communities & Intelligence	24.9	29.1	23.0	(6.1)
External Affairs	6.2	6.9	6.8	(0.1)
Resources	145.7	151.7	126.8	(24.9)
Corporate Management	1.9	2.0	1.8	(0.2)
Mayor's Office	4.2	4.2	4.2	-
Assembly & Secretariat	7.2	7.2	7.0	(0.2)
Contingency	4.8	3.2	-	(3.2)
Sub-Total	258.3	283.5	232.7	(50.8)
Reserves	(58.6)	(83.9)	(33.1)	50.8
Budget Requirement	199.6	199.6	199.6	-

4.4. A detailed analysis of each Directorate's revenue outturn and approved budget carry forward requests by Unit can be found at Appendices 2 and 3, along with an analysis of the movement in reserves in Table 3.

Capital

4.5. The Capital Spending Plan is summarised in the table below.

Table 3 – Capital Outturn

2014/15	Current Budget £m	Actual Spend £m	Variance £m
Cross-Rail	530.0	530.0	0.0
Northern Line Extension	135.0	50.2	(84.8)
City Hall Infrastructure	0.3	0.2	(0.1)
London and Partners	0.0	0.0	0.0
Technology Group	0.4	0.2	(0.2)
Museum of London	0.7	0.7	0.0
A Sporting Future for London	1.2	0.6	(0.6)
London Outdoors – Parks & Street Trees	3.8	2.9	(0.9)
Mayor's Regeneration Fund	30.0	5.6	(24.3)
London Enterprise Fund	10.3	3.2	(7.1)
Outer London Fund	17.5	8.0	(9.5)
High Streets Fund	0.0	0.0	0.0
Woolwich	5.0	0.0	(5.0)
Crystal Palace Park	0.2	0.0	(0.2)
London Enterprise Panel	12.2	3.8	(8.4)
Super-Connected Cities	25.0	5.4	(19.6)
Compulsory Purchase Orders	43.8	18.2	(25.5)
GLA Housing & Land			
North East London	5.5	0.0	(5.5)
South London	5.0	0.0	(5.0)
Kidbrooke Regeneration	5.6	5.4	(0.2)
Decent Homes	298.7	289.2	(9.5)
Mayor's Housing Covenant	494.7	382.3	(112.4)
Care & Support	13.3	6.5	(6.8)
Custom Build	5.0	0.0	(5.0)
Home Retrofitting	0.2	0.0	(0.1)
Other Property	6.2	6.3	0.1
Housing North East	1.1	1.1	(0.0)
Housing Land & Development	0.0	4.3	4.3
Total	1,650.8	1,324.2	(326.5)

5. Finance & Performance Commentary

- 5.1. This section of the report highlights project performance issues, as well as key financial variances and risks to note across the Authority's Directorates at the year end.

Development, Enterprise and Environment

- 5.2. The Directorate is forecasting a revenue underspend of £15.2m, primarily due to slippage within the Regeneration unit (Mayor's Regeneration Fund, Outer London Fund, London Enterprise Fund, London Enterprise Panel and High Streets Fund).
- 5.3. The two GLA red-rated projects are both part of the Croydon MRF programme.
- 5.4. **Wellesley Road Crossings** (rated red since May 2014): The project is red because of the significant delays to delivery of the Bedford Park crossings. Because of this and limited availability of track possessions, the delivery end date has slipped to late 2016. Works on the George Street crossing are progressing to plan.
- 5.5. **MRF West Croydon Interchange** (rated red since March 2015): The project is rated red because of delays to delivery and uncertainty on programme and resulting budget implications. Construction works including piling for the tram platform widening started during the Easter tram closure within which some, but not all, the planned works were delivered. Discussions between LB Croydon and Tramlink on the availability of weekend possessions were ongoing and a revised programme is being set-up.
- 5.6. **MRF Hackney Fashion Hub** has moved to amber because of delays to works on the railway arches. However, external works are due to complete in June, with a two-month fit-out period to follow. It is expected that a launch event for the arches and associated public realm will take place in September, coordinated with the launch of the Hackney Shop-Fronts project.

Housing and Land

- 5.7. The Housing and Land Directorate is forecasting a revenue underspend of £0.7m, comprising of underspends within the Community Right to Build and interest accrued on Recycled Capital Grant, offset by overspends within the Estates Management budget.
- 5.8. The affordable housing completions target was exceeded, delivering the highest number of affordable housing units in London since reporting commenced. The Mayor's Decent Homes programme also exceeded its lifetime target.
- 5.9. **RE:NEW** slips into amber, reflecting the delays in the new phase implementation. A number of supported organisations made slower progress than expected with their projects, which has had a negative impact on targets.

Communities & Intelligence

- 5.10. The Directorate is forecasting a revenue underspend of £6.1m, due to slippage within the Sports Legacy, English Key to Integration and Team London programme budgets and an underspend within the ESF programme budget due to underperformance by delivery partners.

External Affairs

- 5.11. There is a forecast underspend of £0.1m in the External Affairs Directorate, which is net of an overspend of £0.5m due to a shortfall in the generation of income from sponsorship, concessions and ticket income at the 2014 Mayor of London New Year's Eve event, which was funded from the Corporate Contingency budget.

Resources

- 5.12. The Resources Directorate is forecasting a favourable variance of £24.9m. This is primarily due to additional investment income generated from effective cash management and an increased rate of return resulting from the use of new investment opportunities and cash-pooling arrangements for investment income. A review of the voluntary revenue provision requirement in this financial year, slippage in the LLDC Programme budget, a revision to the Business Rates Retention funding account for the remainder.

6. Corporate Items

- 6.1. The Authority's budget also sets the strategy for Reserves and Contingencies.

Contributions (to)/from Earmarked Reserves

- 6.2. The table below sets out the contributions (to)/from reserves forecast to be made during the financial year.

Table 4 - Transfers (to)/from Earmarked Reserves

Reserve	Balance at 31 March 2014 £m	Transfers In 2014/15 £m	Transfers Out 2014/15 £m	Balance at 31 March 2015 £m
Assembly Development & Resettlement	(1.288)	(0.227)	0.037	(1.478)
City Hall Lease Smoothing	(3.448)	(1.313)	1.671	(3.090)
Compulsory Purchase Orders	(2.170)		0.401	(1.769)
Development	(2.000)			(2.000)
Development Corporations	(10.000)	(31.924)		(41.924)
Directorate Programmes	(24.792)	(29.345)	22.833	(31.304)
Environment Drainage	(1.059)		0.525	(0.534)
Election	(6.235)	(4.638)	0.750	(10.123)
Estates	(4.000)	(0.199)	0.069	(4.130)
Legal Fees	(0.700)			(0.700)
London and Partners	(2.206)	(0.039)		(2.245)
Major Events	(3.500)	(10.000)		(13.500)
Mayoral Resettlement	(0.077)			(0.077)
NDR Backdated Appeals Spreading	(60.083)		15.021	(45.062)
Olympics	(1.256)	(0.347)	1.603	0
Planning smoothing	(0.854)	(0.002)	0.023	(0.833)
Pre-Application Planning	(0.475)		0.310	(0.165)
RCGF Interest		(2.006)		(2.006)
Resilience	(40.350)	(28.624)	13.381	(55.593)
Revenue Grants Unapplied	(141.863)	(28.476)	115.841	(54.498)
Self-Insurance Fund	(1.000)			(1.000)
Total Earmarked Reserves	(307.356)	(158.422)	193.746	(272.031)

- 6.3. The transfers from the Directorate Programme Reserve reflect the application of the agreed carry-forward of Directorate budgets from the 2015-16 budget setting and 2014-15 closure of accounts processes, to fund projects that were delayed and due to start or be completed within this financial year.
- 6.4. Reconciliation of reserve movements:

	£m
Net movements reflected in revenue outturn	33.1
NDR backdated appeals spreading	15.0
Reduction in s31 grant posted to resilience	13.4
Revenue in advance adjustment	(0.2)
GLAP Adjustment	(25.9)
Net movements in the table above	35.4

Contingency

- 6.5. The GLA budget includes a sum for contingency of £4.8m. Any allocation of contingency is not added to base budgets but is instead available on a non-recurring basis to provide transitional support for specific budget areas.
- 6.6. The approved applications of contingency for the 2014-15 financial year are listed in the table below.

Table 5 – Contingency Allocation 2014-15

		£m
Original Budget		4.800
Directorate	Item	
Development, Enterprise & Environment	Senior Programme Manager	0.045
Resources	Health and Safety Contract	0.043
Communities & Intelligence	Museum of London	0.025
Development, Enterprise & Environment	High Speed 2 Petition	0.190
Development, Enterprise & Environment	LEP Senior Board Officer	0.055
Resources	MD1344 Recognition of social benefits of Morgan Family work	0.050
Development, Enterprise & Environment	Old Park Royal Development Corporation	0.458
Corporate Management Team	LEP Governance Review	0.050
External Affairs	New Year's Eve	0.470
Resources	Collaborative Procurement	0.187
Total Adjustments		1.573
Revised Budget		3.227

Uncollectable debt

- 6.7. In addition to income from government grants and Council Tax, the Authority raises income from various other sources such as publications, subscriptions, project fees, sale of data, sponsorships and other miscellaneous charges which together constitute the Authority's sundry debtors.
- 6.8. The Authority raises invoices on a regular basis, sends out reminder letters and actively chases customers for payment. However, when the Authority's collection methods have been exhausted and the level of debt is below a level suitable for court referral, the debt is deemed to be irrecoverable and is submitted for write-off against the provision for bad debt.
- 6.9. During 2014/15 the following debts were written off by the Authority:
- Debts transferred from London Development Agency (LDA) £50,283;
 - Debts transferred from Visit London Limited £183,234;
 - GLA debtors £13,896.

Write-offs in respect of the LDA and Visit London are more than covered by amounts recovered elsewhere with regard to former LDA activities and the receipt from the liquidator in respect of the winding up of Visit London.