

REQUEST FOR MAYORAL DECISION – MD1452

Title: GLA Group Capital Spending Plan for 2015-16

Executive Summary:

The Mayor is required under sections 122 and 123 of the Greater London Authority Act 1999 (the “GLA Act”) to prepare a capital spending plan for the following financial year for the four functional bodies (LFEPA, MOPAC, LLDC and TfL) and to send it to the Secretary of State for Communities and Local Government, London Assembly and the functional bodies before 28 February. For completeness the capital spending plan for the core Greater London Authority is also included within this approval so that the proposed expenditure for the entire GLA group – as it will be constituted in 2015-16 – is presented in one place.

The draft capital spending plan for 2015-16 was issued for consultation on 19 December 2014 alongside the Mayor’s consultation budget. Revised versions of the capital spending plan were presented in the Mayor’s draft and final draft consolidated budgets for 2015-16 which were considered by the Assembly on 28 January and 23 February.

A copy of the final capital spending plan for 2015-16 will be placed on the GLA website at:
<http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2015-16>

Decision:

The Mayor approves the Capital Spending Plan for 2015-16 for the GLA Group and to note that the approved plan will be sent to the Secretary of State for Communities and Local Government, the London Assembly and each functional body before 28 February 2015.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 The Mayor is required to prepare a capital spending plan for the subsequent financial year for the functional bodies and to send it to the Secretary of State (for Communities and Local Government) and Assembly before 28 February in line with section 123 of the GLA Act. This report seeks the Mayor's formal approval for the final capital spending plan for 2015-16.

2. Objectives and expected outcomes

- 2.1 The draft capital spending plan for 2015-16 was issued for consultation on 19 December 2014 alongside the Mayor's consultation budget. Responses to the consultation budget were received from the Budget and Performance Committee of the London Assembly, one of the London boroughs and a joint response from two Business Improvement Districts. Revised figures were presented in the draft consolidated budget considered by the Assembly on 28 January and, reflecting updated information received after the publication of the draft consolidated budget, these figures were further revised in the final draft consolidated budget considered by the Assembly on 23 February.
- 2.2 The final capital spending plan for 2015-16 is unchanged from that considered by the Assembly on 23 February except for revisions made to the GLA plan as set out below:
- Reflecting updated forecasts received from TfL, updates have been made to the profile of payments from the GLA to TfL to cover the cost of expenditure on the Northern Line Extension. There is an additional £50.4 million payment in 2014-15 and reductions of £75.3 million and £15.4 million to the payments planned for 2015-16 and 2016-17 respectively. There are associated changes to the funding for these payments, including an adjustment to the split of the funding to come from developer contributions and prudential borrowing.
 - An adjustment has been made to the 2014-15 split of funding for the costs of Crossrail between prudential borrowing and the direct contribution from the Crossrail Business Rates Supplement.
 - The figure for total external capital grant receipts in 2015-16 has been updated.
 - Capital expenditure for London and Partners is now included; there is additional expenditure of £0.2 million in both 2014-15 and 2015-16 and associated adjustments to funding for this expenditure.
- 2.3 The Secretary of State has laid a Statutory Instrument before Parliament which will create the Old Oak Common and Park Royal Development Corporation (OPDC) on 1 April 2015 as a Mayoral Development Corporation and a functional body. However, as the OPDC is not constituted at the date the budget is being set the OPDC is not regarded a constituent body. The GLA's 2015-16 budget (i.e. its revenue budget) includes seed-funding for this new functional body. No capital expenditure for OPDC is assumed in the GLA capital spending plan for 2015-16.
- 2.4 The borrowing limits and statutory prudential indicators for 2015-16 which the Mayor is required to set for the GLA and functional bodies – in order to illustrate that their proposed capital plans are prudent, affordable and represent value for money – will be submitted for approval by the Mayor before the end of March 2015.
- 2.5 A copy of the final capital spending plan for 2015-16 will be placed on the GLA website at: <http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2015-16>

3. Equality comments

- 3.1 As public bodies, the GLA and the functional bodies must comply with section 149 of the Equality Act 2010, which provides for the “public sector equality duty”. This duty requires each body to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity, and to foster good relations between people who share a protected characteristic and those who do not. The protected characteristics covered by section 149 are: age; disability; gender reassignment; pregnancy and maternity; race; sex; religion or belief; and sexual orientation. Observance of the duty may involve, in particular, removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people and encouraging them to participate in public life or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding. In limited circumstances this may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 3.2 The duty has applied to the formulation and approval of the GLA’s and functional bodies’ individual budgets and capital spending plans. Part 3 to the final draft budget provided detailed advice on the equalities implications of the Mayor’s final draft budget relevant to their proposed capital spending plans.
- 3.3 How the GLA group capital spending plan for 2015-16 will impact on specific persons who share a protected characteristic will be dependent on the specific decisions of the GLA and the functional bodies in regards to their individual capital programmes. In exercising their functions, including when making policy and spending decisions, the bodies are required to comply with the public sector equality duty. Compliance is necessarily iterative and on-going. It includes carrying out a process to identify and actively consider potential detrimental impacts (if any) that may arise for individual protected groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken. The GLA and functional bodies will continue to carry out this process at a budget and capital spending plan level, and in the implementation of their individual strategies, policies, programmes, projects and expenditure.

4. Other considerations

Consultation Responses

- 4.1 The Mayor consulted on the 2015-16 budget - including the capital spending plan - with the London Assembly, London boroughs, the Corporation of London and other key stakeholders between 19 December 2014 and 15 January 2015. The responses from the Assembly, a London Borough and a joint response from two Business Improvement Districts (BID) addressed items of specific relevance to the capital spending plan.
- 4.2 The Budget and Performance Committee’s response on behalf of the Assembly expressed the following views:
- The Metropolitan Police’s (Met) ability to make future savings depends heavily on its technology programme and the Met should improve the way in which it makes investment decisions.
 - LFEPA’s fire station disposal programme involves possible disposal of three sites for free schools which would mean LFEPA receiving lower capital receipts than if they were sold to the highest bidders. The Assembly recommended that the Mayor should publish a set of guidelines regarding the disposal of land and property at below market price, applicable across the GLA group.
 - The size of TfL’s capital budget for station improvements on the expanding Overground network is not sufficient for the major improvement works required.

- The types of homes being funded are not those that London needs most and the Mayor should be as clear as possible about the types of housing that his programmes are supporting. The Assembly was supportive of the Mayor's consideration of its recommendation to introduce additional targets for the number of family-sized homes being built.
- The Assembly is supportive of the principle of the Mayor having a role in helping other public bodies to dispose of surplus land to help meet London's housing needs.
- The GLA is exposed to the risks of the Olympicopolis project as it will underwrite the overall funding requirements of the project as well as any necessary cash flow funding.

- 4.3 The Mayor responded to the individual recommendations made by the Assembly in response to the consultation budget through his letter to the Chairman of the Budget and Performance Committee on 27 January 2015.
- 4.4 The response from a London Borough welcomed the Mayor's continued commitment to the development of London transport and in particular the Crossrail project but expressed dissatisfaction with the Government's decision to provide funding for the London Enterprise Panel through the top-slicing of New Homes Bonus grant funding to boroughs. The Mayor's final draft budget estimated that £32 million of the total top-sliced £70 million is to be paid to the London Boroughs in capital grants and £38 million as revenue grants. These amounts will be re-allocated for expenditure on projects in the borough in which the New Homes Bonus revenues were generated.
- 4.5 The joint response received from the BIDs expressed support for the continuation of the Mayor's Regeneration Fund and its focus on high streets; for the Mayor's plan to make London greener and cleaner by supporting the planting and management of the capital's trees and the improvement of green spaces identified in the All London Green Grid; and for the aim to cut carbon and retrofit public workplaces to support energy efficiency projects. In addition the body expressed support for the delivery of more new buses for London, the increased accessibility of bus stops and the roll-out of the Mayor's Cycling Vision.
- 4.6 The Mayor has noted all the comments from respondents to the consultation and taken them into account before finalising his budget and capital spending plan for 2015-16.

Risks

- 4.7 There are no further implications for risk management as these have been addressed as part of the budgetary process.

5. Financial comments

- 5.1 These are highlighted so far as they are relevant in the capital spending plan for 2015-16.

6. Legal comments

- 6.1 The Mayor is required, under section 122 of the GLA Act, each financial year to prepare a capital spending plan (the Plan) for each functional body of the GLA Group which for 2015-16 will be: the Mayor's Office for Policing and Crime (MOPAC); the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL) and the London Legacy Development Corporation (LLDC). For completeness the capital spending plans for the core Greater London Authority's expenditure are also included within this final plan so that the proposed capital expenditure for the entire GLA Group is presented in one place. Section 122 sets out the required contents of Sections A to D of the Plan in terms of estimates of receipts, borrowing and expenditure, and this appears in Table 1 of the Plan. In preparing the Plan the Mayor may take into account such factors as appear to him to be appropriate and the other matters listed in section 124.
- 6.2 The Mayor fulfilled the requirement to consult the Assembly and each functional body by 15 January 2015. He must have regard to their comments (if any) before determining the comments of the final Plan. These are set out in paragraphs 4.1 to 4.6 above. The final Plan must be approved before 28 February, when copies must be sent to the Secretary of State, the Assembly and functional bodies, and a copy kept at City Hall for inspection by the public for the next 6 years.

7. Investment & Performance Board

- 7.1 This decision has not been considered by the Investment and Performance Board as it does not relate to the approval of a specific GLA programme or project. However, the Mayor's budget has been consulted on and approved in line with the statutory process set out in the GLA Act.

8. Planned delivery approach and next steps

- 8.1 In accordance with the GLA Act the capital spending plan for 2015-16 will be sent to the Secretary of State for Communities and Local Government, London Assembly and the functional bodies before 28 February.
- 8.2 A copy of the final capital spending plan will be placed on the GLA website at:
<http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2015-16>

9. Appendices and supporting papers:

- 9.1 The following documents were referred to in the preparation of the final capital spending plan for 2015-16:
- Section 8 and Appendices A to E of The Mayor of London's Consultation Budget for 2015-16 issued for consultation on 19 December 2014.
 - Section 8 and Appendices A to E of The Mayor of London's Final Draft Consolidated Budget 2015-16: Explanation of Final Draft Proposals.
 - 2015-16 budget submissions for GLA, MOPAC, LFEPA, TfL and LLDC.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Matthew Beals – Financial Analyst – has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

(✓)

Assistant Director/Head of Service:

David Gallie – Assistant Director – Group Finance – has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

(✓)

Sponsoring Director:

Martin Clarke – Executive Director – Resources – has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

(✓)

Mayoral Adviser:

Edward Lister – Chief of Staff and Deputy Mayor for Planning – has been consulted about the proposal and agrees the recommendations.

(✓)

Advice:

The Finance and Legal teams have commented on this proposal.

(✓)

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date