

Appendix 2: Draft GLA budget for 2011-12

Theme 1: A robust appraisal of the financial risks to which the budget is exposed

The Mayor's consultation budget issued on 22 December sets out those changes which have been made to the GLA budget since the version presented to the Budget and Performance Committee in November.

They are centred on the £23.2m the GLA expects to receive in specific grant each year from 2011-12 to 2014-15 for the Council Tax precept freeze in 2011-12 and on the arrangements being put in place for those GLA activities formerly supported by the LDA.

As noted above, negotiations with Government on the LDA settlement are on-going and so, while risks are currently being assessed, mitigation measures cannot yet be fully put in place. However, levels of contingencies and reserves will be set at a level to manage emerging risks.

It should also be noted that, because of the uncertainties around the exact arrangements for additional devolved functions for the GLA from 2012-13, the Government announced a grant settlement in December for the GLA covering only 2011-12.

Theme 2: The savings identified and the impact of the shared services programme

Appendix F of the Mayor's consultation budget sets out details of the shared services agenda.

Theme 3: Prudent establishment control

The GLA exercises rigorous establishment control. The GLA's Chief Executive, as its head of paid service, personally considers any proposals for the creation of short-term posts and for recruitment to any vacant posts.

Approval is only granted after a review of the business case, of the funding available, of the latest budget monitoring forecast for the relevant directorate and of the impact on the organisation should the post not be created or filled.

Since the change of administration in 2008, the Mayoral component budget within the GLA has seen a net reduction of approximately 90 posts. Over the same period of time, there has been no net reduction in the number of posts within the Assembly component. So any fluctuations in the number of posts needs to be viewed within this overall context.

Variations in the GLA pay budget are also informative. The table below demonstrates that there has been a substantial reduction in pay costs at the GLA since the change of administration in 2008.

Financial year	£m
2007-08 (actual)	39.0
2008-09 (actual)	39.1
2009-10 (actual)	35.3
2010-11 (budget)	34.1
2011-12 (budget)	34.7

On the particular point the Committee has raised about the change in the number of GLA staff in the £40,000 to £60,000 salary range between September 2009 and September 2010, Members should note that the statistics quoted by the Committee are affected by the November 2009 pay award which meant that a further 23 staff were moved up into bottom end of the range in that year (no staff were moved out of the top end of the range).

This means that, on a like-for-like basis, the real increase between 2009 and 2010 of the number of staff in that range is 36 (and not 59) and that the real percentage change is 16 (and not 30).

Regardless of the statistics, the Mayor is not clear precisely what point the Committee is looking to make in this regard. Some clarification later in the budget process would therefore be helpful.

Finally, the GLA's Chief Executive is looking very closely at the staffing issues likely to arise from April 2012, particularly around staff currently based in the LDA or HCA London. No firm decisions are yet possible as the necessary legislation has yet to be passed and the GLA grant settlement for 2012-13 has yet to be finalised.