

London Assembly Budget Committee:

An analysis of budgets and performance for the GLA Group since 2001-02

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IPF is the commercial arm of the Chartered Institute of Public Finance & Accountancy (CIPFA) and we have been commissioned to undertake a high level analysis of the budgets and performance of the members of the GLA Group and to present our findings to you, the London Assembly Budget Committee.

In this analysis, we have looked at the documentation that has been presented to this Committee, namely:

- The Consolidated Budget for the GLA (for each year 2001-02 to 2006-07)
- The Quarter 4 / Outturn reports on Budget and Performance Monitoring
- GLA budget guidance documentation
- Annual Statement of Accounts for the GLA Group and
- Minutes of Budget Committee meetings, as appropriate

This has also been supplemented with research on the internet and discussions with key GLA staff, as appropriate.

The analysis and identification of trends and impact of performance and budget spend has been quite an arduous process and the point of consistency in reporting and measurement will be one that will be referred to on numerous occasions throughout this presentation.

Overview of today's presentation

- Major items of growth and savings
- Policy objectives, their implementation and their impact
- Financial performance (and variations)
- What others think
- How the GLA Group compares with others
- Common themes
- Where next?

Here is a route-map of today's presentation, outlining the key areas that have been covered in our analysis. There has been consideration of the major items of growth and savings, focusing in on new initiatives and efficiencies. High level analysis of the impact of GLA activities through assessment of policy objectives for each Group member, together with their performance has also been carried out.

Financial performance is clearly a key issue and all budgets and reported outturns for the five year period have been assessed.

The analysis has also covered investigation into what others think (through researching over the internet for poll results and media profile, as well as examining the Initial Performance Assessments carried out by the Audit Commission).

Comparisons have been made between the Council Tax Band D increases for the GLA Group members (and the Group overall) and Inner and Outer London Boroughs.

From all the analysis, common themes have been drawn out and this presentation concludes with some suggestions on further areas for investigation and some next steps.

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Growth items

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Growth Items

- Types of growth:
 - Service demand changes
 - New initiatives
 - Other agreed increases
- Analysis of the new initiatives for each GLA Group member
- Continuing themes
- Impact / effectiveness of new initiatives

There are several distinct categories of growth in expenditure and budgets, namely:

- Growth in the customer/client base for a service and other demand-led increases that will require a growth in budgets
- Increased budget provision for new initiatives that need to be implemented or followed
- Increases to account for inflation, pay awards and other contractual obligations

Our analysis has focused on growth for new initiatives, since this is the category where there is most control. Growth for new initiatives has been looked at for each GLA group member for each year since 2001-02, with an aim of identifying any continuing themes and to assess the impact and effectiveness of these growth items.

Each member has been assessed and the results are shown in tabular format, graphical format and key issues drawn out.

Growth Items – MPA

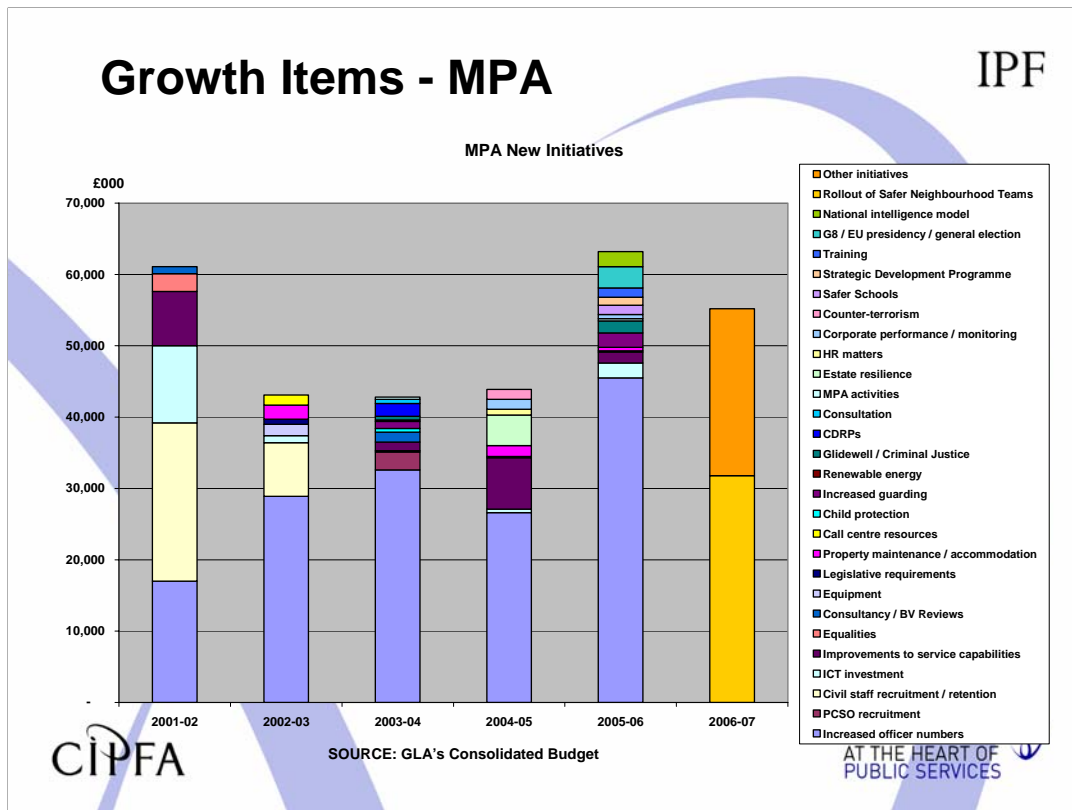
	2001-02 (£000)	2002-03 (£000)	2003-04 (£000)	2004-05 (£000)	2005-06 (£000)	2006-07 (£000)
Increased officer numbers	17,000	28,900	32,600	26,600	45,500	
PCSO recruitment			2,500			
Civil staff recruitment / retention	22,200	7,500				
ICT investment	10,800	1,000	200	500	2,100	
Improvements to service capabilities	7,600		1,200	7,200	1,500	
Equalities	2,500					
Consultancy / BV Reviews	1,000		1,400			
Equipment		1,600		200	200	
Legislative requirements		700				
Property maintenance / accommodation		2,000		1,500	500	
Call centre resources		1,400				
Child protection			500			
Increased guarding			1,000		2,000	
Renewable energy			200			
Glidewell / Criminal Justice			500		1,700	
CDRPs			1,800			
Consultation			600			
MPA activities			300		300	
Estate resilience				4,300		
HR matters				800		
Corporate performance / monitoring				1,400	600	
Counter-terrorism				1,400		
Safer Schools					1,300	
Strategic Development Programme					1,100	
Training					1,300	
G8 / EU presidency / general election					3,000	
National intelligence model					2,100	
Rollout of Safer Neighbourhood Teams						31,800
Other initiatives						23,400
Total	61,100	43,100	42,800	43,900	63,200	55,200

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SOURCE: GLA's Consolidated Budget

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Starting with the Metropolitan Police Authority, it can be seen that there have been a large number of discrete new initiatives requiring budget growth. The lion's share of these relate to the recruitment and retention of staff, including civilians, PCSOs and operational officers and these areas do continue from one year to the next.



In graphical format, the large number of colours indicate the high number of new initiatives that have been funded. As previously mentioned, it is clear to see that the majority relates to putting more officers on the front-line, although there are some organisational restructuring initiatives as well.

There are several one-off items of growth relating to major events, such as the G8 summit and the General Election in 2005-06.

For 2006-07, the recruitment of new officers has been supplanted by the roll-out of Safer Neighbourhood Teams and this trend is expected to continue for the next few years.

A worrying aspect in terms of information reported to this Committee and beyond is the large “other” category reported as new initiatives in 2006-07. More detail is required in outlining what the areas of new growth relate to.

Growth Items - MPA

- Major growth items relate to staff recruitment and retention
- Also emphasis on improving service capabilities
- Safer Neighbourhood Teams
- Good correlation with budget priorities, although some reactive increases and some “inwardly-focused” growth
- Some “one off” items (e.g. G8, general elections, etc.)

Growth items are as outlined on the slide, with budget growth for increasing staff numbers reflecting priorities. There is also sizeable growth to reflect how the methods of policing have had to change over the last 5 years (the increased threat of terrorism, Safer Neighbourhood Teams, etc).

For the MPA there is a good level of linkage between budget priorities and growth items in the main, although there have been some necessary “reactive” increases in services and expenditure (9/11 and 7/7 for example).

Growth Items – LFEPA

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	2001-02 (£000)	2002-03 (£000)	2003-04 (£000)	2004-05 (£000)	2005-06 (£000)	2006-07 (£000)
Fire safety	550			100		
Recruitment (targeted advertising / outreach)	300	200				
Additional trainee firefighters	200					
Directorate Restructuring / cultural change / modernisation		600		100	100	
Best Value, business planning and information management		100	400	400	100	
Risk management information				200	300	
Operational training		300	300			
Congestion charge / environmental improvements		100	300			
HR matters		200		100	200	
Health & safety	300		300	300		
Central Support (IT, Finance)			400		100	
Equipment		100	100			
London Safety Plan				100		
Enhanced resilience						3,300
Other initiatives						5,600
Total	1,350	1,600	1,800	1,300	800	8,900

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SOURCE: GLA's Consolidated Budget

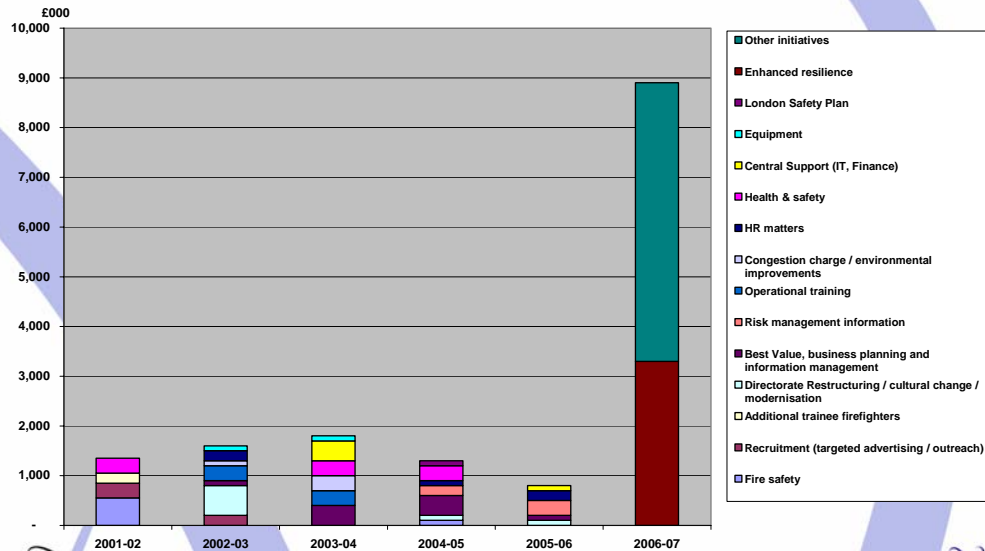
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Looking at LFEPA, the list of growth items is shorter and there is a good level of consistency in growth in a few key areas year on year. This reflects the ongoing modernisation agenda within the Fire Service over the period we have looked at, with a shift in culture and a move towards prevention (i.e. Fire Safety) rather than reacting to incidents.

Growth Items - LFEPA

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LFPEPA New Initiatives



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SOURCE: GLA's Consolidated Budget

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Shown graphically, it can be seen that in absolute terms, growth is significantly less than for MPA, but is still similar in relative terms. The large increase in 2006-07 reflects the push for better resilience within the service, but again there is concern over the size of the “other” category quoted in the budget documentation.

Growth Items - LFEPA

- Key theme of modernisation and cultural change (e.g. shift towards fire safety, diversity training)
- Improved planning and management of information and risk also key
- Some growth responding to national agendas rather than London
- Links to budget priorities and policy objectives

As already mentioned, a lot of the LFEPA growth relates to modernisation of the service, but there is also a significant amount that is concerned with improved planning and making better use of information. Management and performance information has been raised by the Committee in the past as an area where LFEPA is to be commended.

It is important to note that a lot of the change in service culture relates to a national agenda for change in the Fire Service, rather than just in a London context.

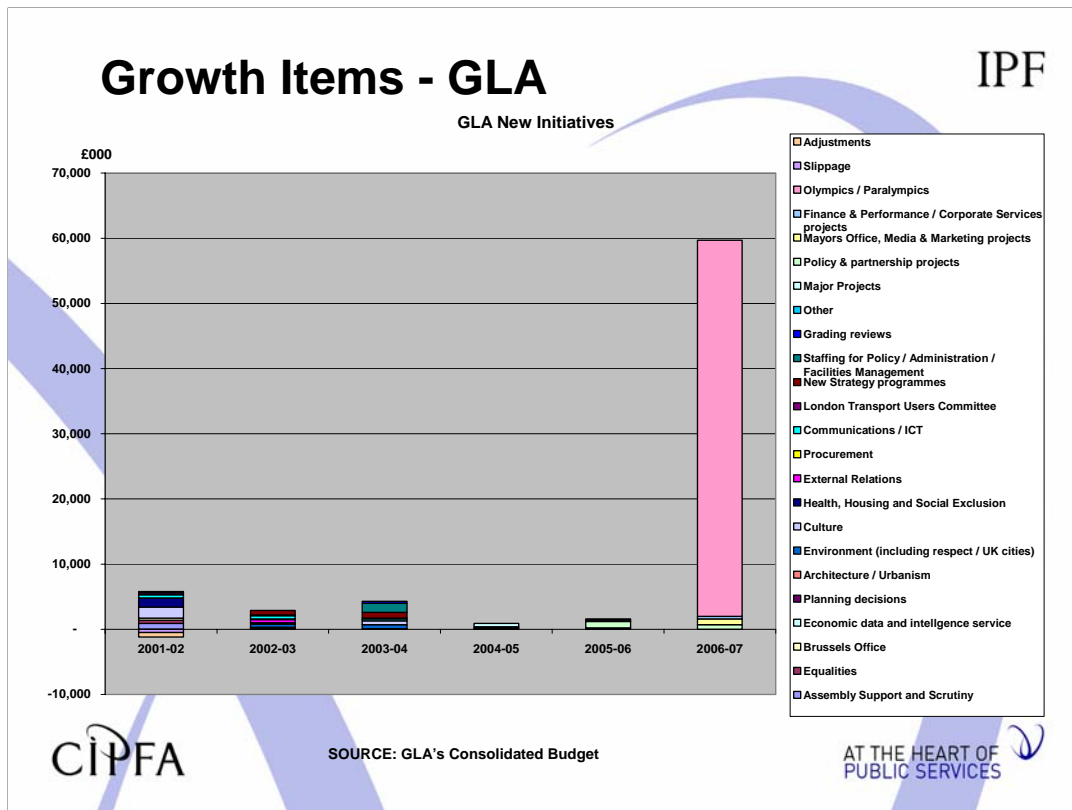
Again, there is a good level of correlation between priorities and the growth in expenditure.

Growth Items – GLA

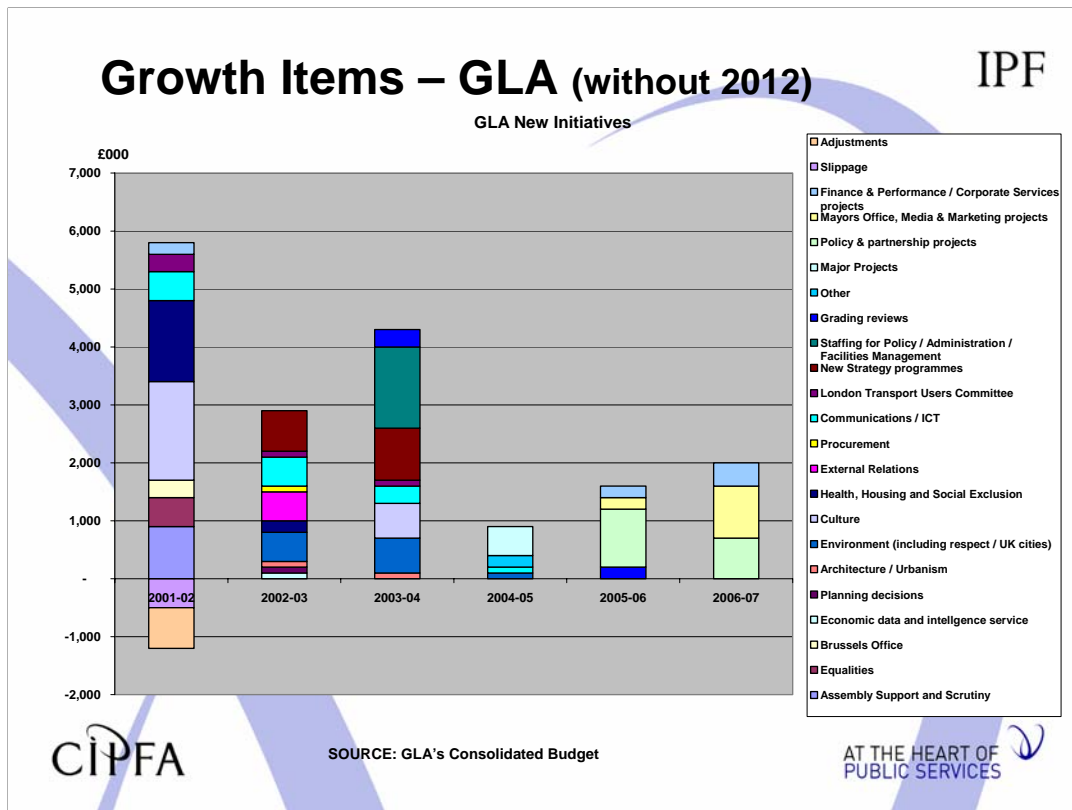
	2001-02 (£000)	2002-03 (£000)	2003-04 (£000)	2004-05 (£000)	2005-06 (£000)	2006-07 (£000)
Assembly Support and Scrutiny	900					
Equalities	500					
Brussels Office	300					
Economic data and intelligence service		100				
Planning decisions		100				
Architecture / Urbanism		100	100			
Environment (including respect / UK cities)		500	600	100		
Culture	1,700		600			
Health, Housing and Social Exclusion	1,400	200				
External Relations		500				
Procurement		100				
Communications / ICT	500	500	300	100		
London Transport Users Committee	300	100	100			
New Strategy programmes		700	900			
Staffing for Policy / Administration / Facilities Management			1,400			
Grading reviews			300		200	
Other				200		
Major Projects				500		
Policy & partnership projects					1,000	700
Mayors Office, Media & Marketing projects					200	900
Finance & Performance / Corporate Services projects	200				200	400
Olympics / Paralympics						57,700
Slippage	- 500					
Adjustments	- 700					
TOTAL	4,600	2,900	4,300	900	1,600	59,700

For the GLA, there have been significant increases in growth in the early years in relation to establishing the GLA itself and its move to City Hall. Growth has “plateau-ed” in recent years (although this has changed significantly with the advent of the 2012 Olympics / Paralympics).

Growth has been allocated to projects and programmes, rather than on more explicit activities and this could affect how the success and impact of growth is measured in future years.



Clearly, the growth in relation to the Olympics / Paralympics skews this graph, so we have re-presented it **without** the 2012 element...



Once again, the number of colours show how many different areas there have been growth in and how there has not been much in the way of consistency in themes, from year to year.

Growth Items - GLA

- Much of initial growth linked to establishing the GLA in the first place
- Recent growth focused on projects in directorates
- Impact of Olympics / Paralympics
- From budget documents, hard to link growth with budget priorities

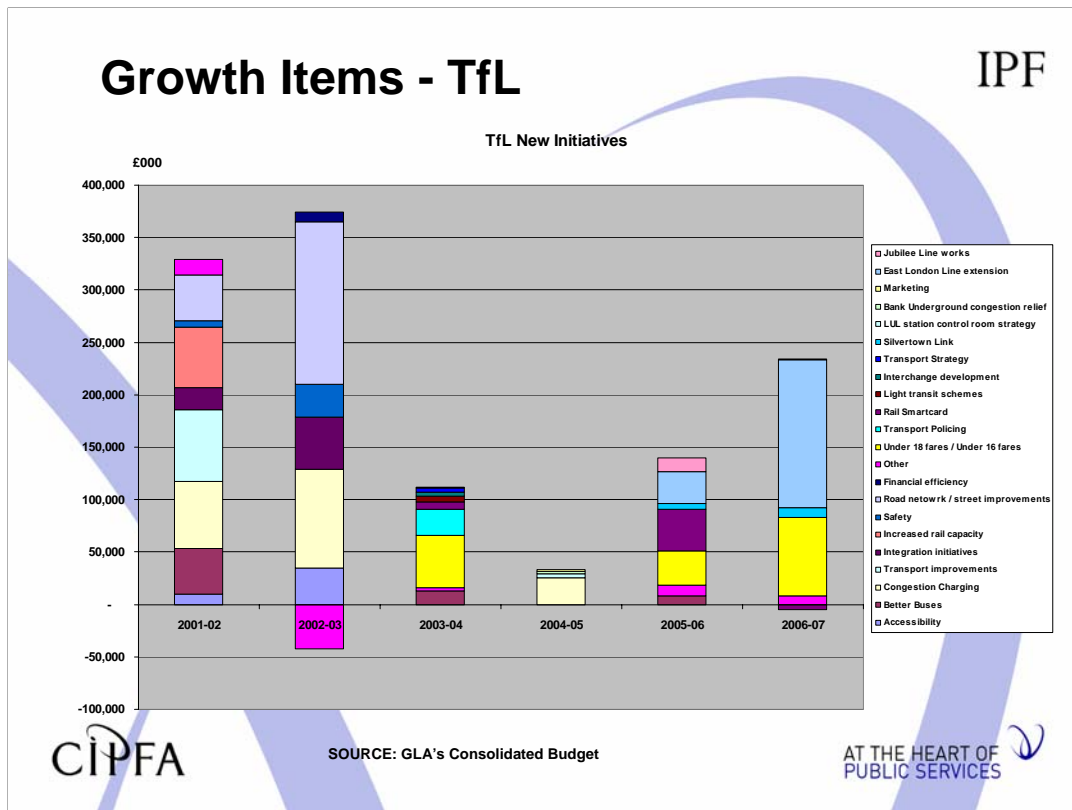
The key point to note from this slide is that we found it hard to link the new initiatives with stated budget priorities and policy objectives, which (as mentioned above) may lead to difficulties in assessing effectiveness of the new growth.

Growth Items - TfL

	2001-02 (£000)	2002-03 (£000)	2003-04 (£000)	2004-05 (£000)	2005-06 (£000)	2006-07 (£000)
Accessibility	9,700	35,000				
Better Buses	43,900		12,700		8,000	
Congestion Charging	64,000	94,000		25,100		
Transport improvements	67,900					
Integration initiatives	21,300	50,000				
Increased rail capacity	57,500					
Safety	6,100	31,000				
Road network / street improvements	44,000	155,000				
Financial efficiency		9,000				
Other	14,500	- 42,000	3,200		10,000	8,000
Under 18 fares / Under 16 fares			50,000		33,000	75,000
Transport Policing			25,000			
Rail Smartcard			6,800		40,000	- 5,000
Light transit schemes			5,500			
Interchange development			3,600			
Transport Strategy			4,000			
Silvertown Link			1,100		5,000	9,000
LUL station control room strategy				3,900		
Bank Underground congestion relief				3,000		
Marketing				1,300		
East London Line extension					31,000	141,000
Jubilee Line works					13,000	1,000
TOTAL	328,900	332,000	111,900	33,300	140,000	229,000

In terms of growth, TfL has seen major leaps in the size of expenditure and budgets, due to the number of high-profile, major initiatives that have been brought in over the last 5 years, including the congestion charge, better buses, integration of London Underground and reduced fares for young people.

Consistency from year to year is not evident, but this seems to be because of having almost a new major initiative each year. This is also reflected in policy objectives, which we will cover later on.



Once again, there is a high number of colours and therefore high number of new initiatives. There are also clear peaks and troughs, rather than a consistent level of growth relating to new schemes.

Growth Items - TfL

- Massive and varied growth, with major initiatives:
 - Congestion charging
 - Improving public transport
 - Integration of Underground
 - Fare changes for young people
- Mainly “outward facing” growth
- Good links with priorities and objectives

TfL has an advantage in that the majority of its initiatives are very tangible and high-profile. To that end, it has been easy to see links between growth and budget priorities and policy objectives.

Growth has mainly been on tangible services that are used and seen by Londoners, rather than on internal restructuring exercises or similar.

Growth Items – Conclusions

- Large areas of growth to fund major policy initiatives and requirements
- Some areas of sustained growth (e.g. Police numbers, public transport)
- Some items “one-offs”
- Need clear links to assessing the impact of such growth (see later)

The London Development Agency (LDA) does not have its own slides, tables and graphs, because of the nature in which it operates. Since virtually all its activities are project or programme based, each year sees a complete change in initiatives. This has therefore meant that it is difficult to represent here in tabular or graphical format.

The other key difference from other GLA Group members is that it is entirely grant-aided, with no budget requirement. Notwithstanding this, there should still be scrutiny to assess its plans and performance to ensure that there is good value for money and the provision of quality services to the people of London. This is a recurring theme in today's presentation, with LDA acting in slightly different ways to the rest of the GLA group.

In terms of conclusions on growth items, it is clear that the last five years have seen massive growth in many different areas to fund a high number of new policies and new requirements. There have been some areas of steady, consistent growth including police officer recruitment and improving public transport. On the other hand, some growth items have been short-lived or “one offs”.

The key point is that there needs to be a strengthening of the links between policy objectives and growth items and indeed, better mechanisms to track and measure the impact of growth.

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Major Savings

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Major savings

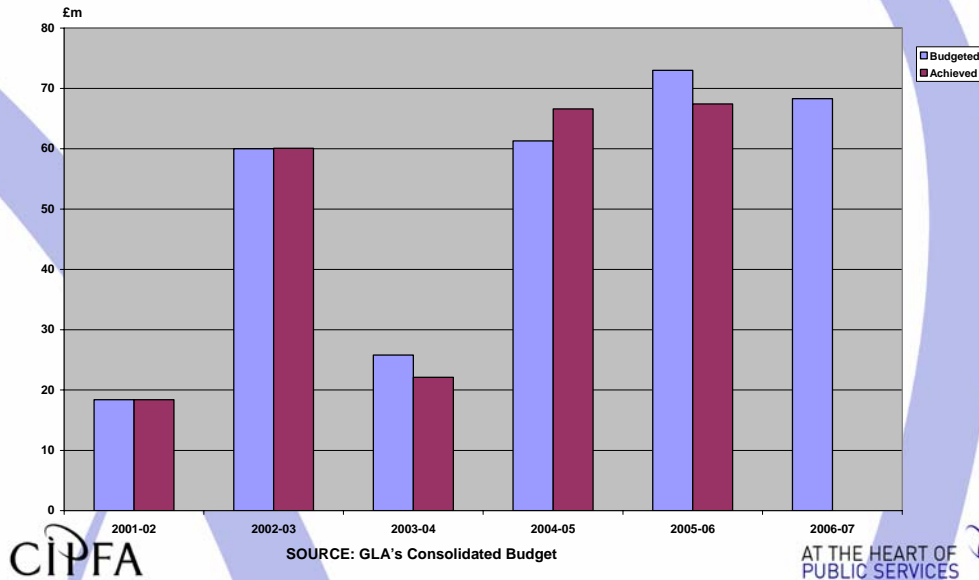
- GLA Group members are required to highlight planned savings and efficiencies as part of the budget process
- Each report back on progress against these targets as part of performance monitoring
- Progress against targets/plans has been assessed for 2001-02 to 2005-06

A good practice within the budget documentation is the requirement for all GLA group members to explicitly state what savings and efficiencies it expects to achieve in the coming year. Progress against these is then reported against in subsequent monitoring reports to this Committee.

We have assessed the savings and efficiencies put forward by each Group member for 2001-02 to 2005-06.

Major savings - MPA

MPA - Savings and Efficiencies



Looking at the MPA, they have set quite challenging levels of savings and efficiencies (around the £60m mark in most years), although it needs to be put in the context of the MPA budget of some £2.7 billion.

In most years, the targets set for savings and efficiencies have been met (although indications in the most recent years suggest that they are now struggling to meet their targets).

Major savings - MPA

- Significant savings planned and achieved
- Majority planned across functional areas rather than specific activities
- Some targets missed due to increased service demand or contractual delays
- Areas looked at include:
 - Shift patterns
 - Overtime
 - Back office / civilianisation of posts

The savings and efficiencies that have been quoted in the budget documents tend to be spread across the functional areas of the MPA (e.g. Territorial Policing, Deputy Commissioners Command, etc) as opposed to identifying specific activities that will be made more efficient. As a result it is hard to distinguish between managed service cuts and true efficiency savings.

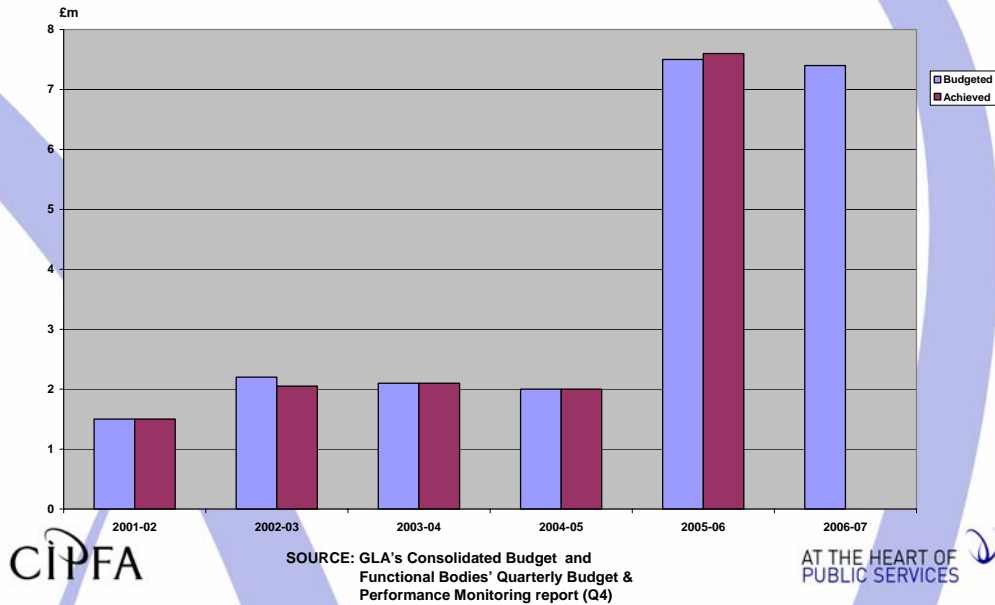
It is our opinion that the Committee would benefit from more detail being included in the documentation for budgets and this can also allow better clarification around whether efficiency initiatives have been successful. Another aspect which is missing is an assessment of how the proposed savings or efficiencies will impact on priorities, service delivery and stakeholders. To date, there appears to be an assumption that there is no impact at all, but this is not made explicit.

Some of the proposed targets have been missed as a result of unexpected rises in service demand, or through contractual delays with new systems.




Some of the areas that savings have been proposed for have included changes in shift patterns, overtime and investigation into more efficient back office processes. However, there has been no reporting of success in any of these areas to date.

Major savings - LFEPA

LFEPA - Savings and Efficiencies



LFEPA have consistently set targets for savings and efficiencies and met them. The sharp increase in savings proposed in 2005-06 and beyond reflect the prominence of the Gershon efficiency agenda and the impact of the modernisation agenda.



Major savings - LFEPA

- Targets consistently met
- Planned in advance
- Savings targets applied across functional areas
- Areas covered include:
 - Restructuring
 - Income generation
 - Back office functions

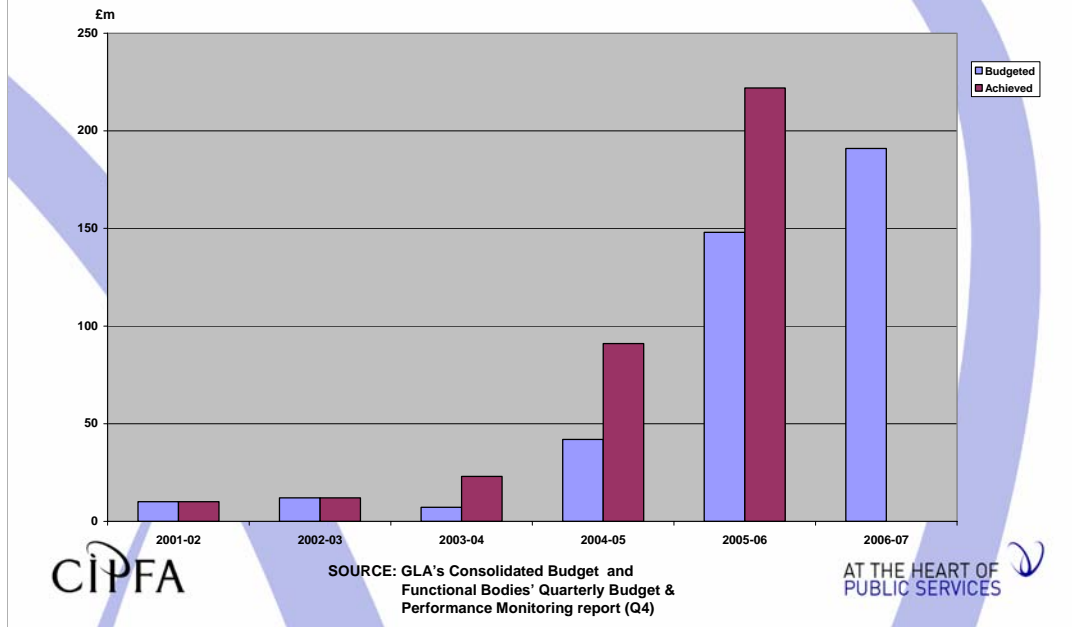
LFEPA have met their targets as planned, but as with MPA, the savings and efficiencies are merely reported as being allocated across functional areas, again suggesting managed service cuts as opposed to efficiency improvement activities.

Some of the topics are in line with reported efficiency savings for all FRAs, including improved income generation and a rationalisation of back office functions.

As with other GLA Group members, more details in relation to how the savings and efficiencies will be made and how they will impact on services are needed.

Major savings - TfL

TfL - Savings and Efficiencies



TfL started from a modest level of savings and efficiencies, but as time has progressed and the benefits of initiatives such as the integration of LUL and the move to shared services for back office functions have kicked in, savings have increased. It should be noted that the years where savings targets have been exceeded were where unexpected rebates and contract savings have arisen, calling into question the sustainability of such savings.

Major savings - TfL

- Major savings achieved and predicted
- Many arising from major restructures of businesses and of back office functions
- Some one-off rebates from LUL contributed to savings
- Some unexpected savings (although subsequently planned for)

There have been significant savings and efficiencies achieved within TfL and challenging targets continue to be set. However, the one-off savings and other unexpected benefits cannot be relied upon in the future.

That said, where unexpected savings have arisen (e.g. bus contracts), additional savings targets have been built into future years.

Once again, more details in this areas of savings and efficiencies would be of great benefit to this Committee.

Major savings - LDA

- Savings and efficiencies treated differently (due to being full grant-aided)
- Efficiency targets in place since 2005-06
- Areas investigated include;
 - Streamlined processes
 - Reducing duplication of programmes
 - Reduced use of consultancy

Being fully grant-aided and with no budget requirement, LDA has not always set targets for savings and efficiencies, although from 2005-06 onwards this is now the case.

Areas being considered are streamlined business processes, trying to avoid any duplication in the programmes that LDA are running and the reduced use of consultants.

Future years should see the success of these initiatives being reported back to this Committee.

Major savings - GLA

- Progress against savings and efficiencies not reported (up to 2005-06)
- Efficiency targets have been set
- Areas investigated include:
 - Procurement
 - Events
 - Temporary / agency staff

Until 2005-06, the GLA did not explicitly report back on its progress on savings and efficiencies targets, although targets were set each year.

Current areas being investigated for savings include procurement, events and improved use of temporary and agency staff.

Major savings - Conclusions

- Some more successful than others
- Some more challenging than others
- Targets met in majority of cases (or exceeded)
- Sustainability of efficiencies on this scale ?

In conclusion for savings and efficiencies, it is clear that some Group members have been more successful than others and indeed, some have set more challenging targets than others.

The good news is that in the main, targets have either been met or exceeded. However, there needs to be consideration as to how sustainable these levels of efficiency savings can be if applied year after year. It can be assumed that once services have been trimmed to the bone, it will be difficult to deliver more savings without adversely affecting service provision and achievement of objectives.

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Policy Objectives

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Policy Objectives

- A myriad of objectives – over 90 since 2003-04
- Changes from year to year
- Some common themes / threads
- Difficult to link to budgets
- Cross-Group objectives
- Assessment of their success
- Meaningful performance measures

From looking at the policy objectives that have been quoted for GLA Group members within the budget guidance documentation, it was found that since 2003-04, there have been 90 policy objectives set for the Group.

Many of these have changed form one year to the next, which has made it difficult to analyse any trends. It has made it harder still to assess the impact of these objectives and seeing whether they have been achieved or not.

The objectives have also been difficult to link with budget headings of GLA group members, since there is no policy-led budgeting regime or reporting mechanism in place for the GLA group.

There are a few objectives set that are “cross-group” objectives and indeed there are some policy areas that are quoted within individual group members, but never explicit drawn together in one place to show how different GLA group members contribute to the achievement of a particular policy area or objective.

What is needed is a better framework for assessing the success (or otherwise) of policy objectives, the costs relating to each objective and meaningful measures of performance.

Policy Objectives – MPA

	2003-04	2004-05	2005-06	2006-07	2007-08
Increase number of police officers to maximum extent					
Work in partnership with TfL on Transport Policing Initiative - linked to PSA2					
Maximise officers on operational policing					
Recruitment and selection practices to progress a representational workforce - linked to PSA2					
Plans to increase safety and security of women					
Expansion of Sfer Neighbourhoods programme					
Free up police officers for front-line duty					
Address domestic violence and hate crime - link to PSA3					
Real time reporting systems and targeting of police resources					
Improve public confidence in policing (and improve feelings of safety and security) - linked to PSA2					
Reduce crime by 20% by 2007-08 9PSA1)					
Bring 1.25m offences to justice (PSA3)					
Reduce harm caused by illegal drugs (PSA4)					

The MPA demonstrates a good level of consistency in objectives from year to year and also a manageable number of policy objectives. There are good links with budgets and areas of growth (as previously mentioned).

One reason for the consistency may be the fact that there is now a Public Services Agreement (PSA) in place between the MPA and the Government. This clear framework of policy objectives and performance measures has made it easier to marshal the new initiatives and objectives of the MPA.

Policy Objectives - LFEPA

	2003-04	2004-05	2005-06	2006-07	2007-08
Implementation of recruitment and selection practices that deliver substantial progress to a representational workforce (in particular for operational officers)					
Modernisation agenda for Fire Services					
Capacity and response to Terrorism / catastrophic acts					
Risk based approach to fire safety (free help to elderly)					
London Safety Plan (anti-social behaviour, arson reduction and community engagement)					
Investment in emergency planning equipment and staff resources					
Improving emergency planning in relation to excess heat, flooding and drought implications for London					

LFEPA, too, have a manageable number of objectives with a good degree of consistency.

Again, it is thought that this has been influenced by the national agenda for modernisation (certainly in relation to those objectives relating to fire services).

However, the number of objectives is growing, as LFEPA focuses its efforts around its emergency planning remit.

Policy Objectives - LDA

	2003-04	2004-05	2005-06	2006-07	2007-08
Development of the Thames Gateway					
London Olympics 2012 bid benefits (regeneration)					
Tourism action plan / London promotion and marketing					
Implementation of strategic measures for intervention to address lack of affordable, accessible and reliable childcare					
developing a regional Skills Partnership					
Programme for Londoners excluded from labour market					
Improving community engagement					
Long term future plans for the West End					
Better integrated business support services across London					
Sustainable continuation economic growth					
Landmark development projects (e.g. Crystal Palace)					
Encouraging increasing investment from rapidly growing economies					
Improve reporting framework to address sustainability and health issues					
Progress on major carbon-zero regeneration development					
LDA engagement with large business					
Delivering the Diversity Works programme					

With the exception of action on improving childcare provision, the objectives of the LDA do not demonstrate much consistency from one year to the next.

It would also appear that for major policy areas such as the Thames Gateway and the 2012 Olympics/Paralympics which are presumably ongoing at this point in time, there is an implicit assumption that either these remain as policy objectives or that they have become “mainstreamed” and are now a core LDA activity. This needs clarifying.

As with other GLA Group members, the list of policy objectives is increasing, but there is no reporting of how this relates to growth of the organisations, nor what other activities are ceasing (if any) to allow a focus on these new areas of activity.

There is also little in the way structured reporting of when (and how) policy objectives are met.

Policy Objectives - GLA

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Re-evaluation of Mayor's statutory strategies (in light of London Plan) / Delivery of London Plan							
Strategic response for tourism in London							
Move from strategy development to implementation							
Development of London 2012 bid							
Making London a Low Emission Zone							
Implementing Mayoral proposals for culture and diversity							
Implementing Mayoral proposals for health, housing and education							
Establishing a living wage unit							
Delivering London Plan targets for homes (inc. affordable homes)							
Meeting Mayoral environmental objectives							
Annual programme of cultural, sporting and business events							
Major public events that promote London							
Integration of London's newer communities into programme of engagement							
Implementing Mayor's policies on addressing London's skills issues							
Implement recommendations of GLA BV review on sustainable development							

As with LDA, there is little consistency in policy objectives year on year for the GLA and the list of objectives is growing. Looking forward, there is a trend of better consistency and clear policy areas (such as sustainability, environment, culture) are being established.

Once again, the links between policy objectives and budgeted expenditure are not very clear.

Policy Objectives – TfL (1)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Transport Policing Initiative							
Making buses more attractive mode of transport							
Spatial Development Strategy (with LDA)							
Extension of DLR							
Major transport projects (CrossRail, East London Line, Thames Road Crossings)							
Effective integration and management of London Underground							
Enhancing Underground beyond the PPP							
Plan / develop transport needs for London 2012 Olympics							
Safety and security of women on public transport							
Rationalise administration of TfL and LPFA schemes							
Transport Strategy over next 3 years							
Funding and financing TfL's capital programme							
Implementing Mayor's manifesto proposals on transport							
Meeting Underground infrastructure targets							
East London line extension and Silverlink							
Fully integrated public transport fares system							
Westward extension of congestion charging							
Tram and transit schemes							

TfL has considered and stated so many policy objectives that it requires two slides to show them all. Taken at face value, many of the objectives only seem to have a life-expectancy of one year, which again raises the question as to how policy objectives and progress against them are reported.

It should also be questioned whether 11 policy objectives (as in 2006-07) is manageable and how effective the organisation can/will be in delivering these.

Policy Objectives – TfL (2)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Low Emission Zones							
Deliver London Cycle network and pedestrian improvement plans							
Access action plan							
AntiSocial Behaviour Strategy							
Increased employment of women on buses							
Increased efficiency of road network operation							
New links/extensions to support 2012 Olympics							
Improving customer information through technology							
Reducing injuries / deaths on roads (through engineering improvements and marketing campaigns)							
Environmental improvements							
Options to manage high temperatures and flood risk on tubes and buses							
Build on Oyster - reducing costs and improving customer service							
Viability of developing own energy source or LTA for renewable energy							
Set up a sustainable development function							

Policy Objectives – Cross Group

- Major initiatives or priorities:
 - Transport Policing
 - Resilience / counter-terrorism
 - Diversity (reflecting London's population)
 - Sustainability
 - 2012 Olympics / Paralympics
- Reported under each Group Member rather than as a combined effort (have to make the links oneself)

In carrying out our analysis, we have encountered a few policy objectives which apply to more than one GLA Group member, but these are all reported on an individual basis and it is left for the reader (of budget documents) to make the connections between these.

It would be far better to report any cross-Group objectives separately to fully demonstrate how each GLA Group member (as appropriate) fits in with the delivery of a particular objective. Financial reporting could also be developed to better reflect this as well.



There are several methods of assessing performance and evaluating the impact of the activities and budgeted expenditure of the GLA Group members.

These include:

- Reporting on achievement of objectives
- Financial performance (and analysis of variances)
- Key Performance Indicators (KPIs)
- Outcome measures

All of these are carried out to a certain extent within the GLA Group, but the primary focus to date has been on KPIs.

Assessing Performance

IPF

- Key Performance Indicators (KPIs) developed for each GLA Group Member
- Few, if any, Group-wide KPIs
- Not all KPIs have associated targets set
- Links between spend / growth / savings / policy objectives and KPIs need to be strengthened
- Take account of lags in implementation / culture change
- Like Policy Objectives, many KPIs (or their basis) change from year – hard to look at trends

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Each group member has a variety of KPIs, but not all areas of service or activity have them and there are very few Group-wide KPIs, although there are common themes such as diversity.

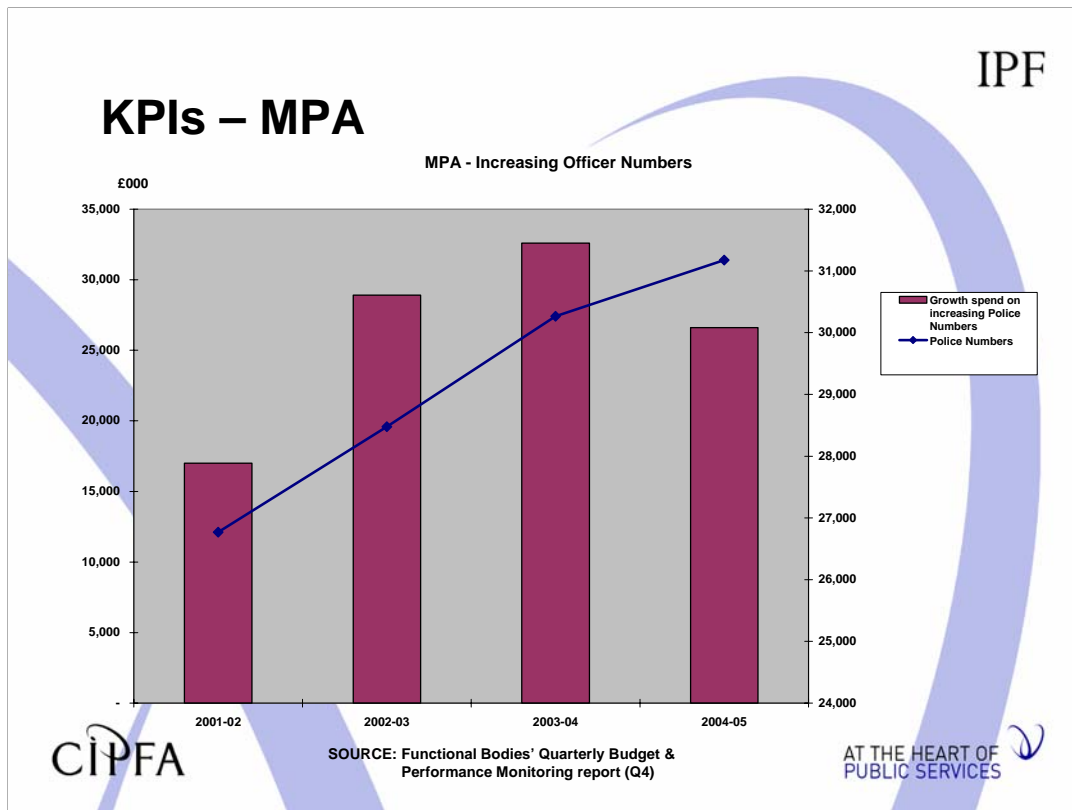
Not all of the KPIs have targets set for them – some are merely a “watching brief” to assess progress.

What is definitely needed is an improvement of how the KPIs relate to (and link to) the areas of growth, or policy objectives.

Looking at performance through KPIs, success can be measured, although there is often a “lag” while the messages get through and bed in in relation to new initiatives.

Consistency is again a major issue with KPIs. Other than diversity indicators and some BVPIs, no KPIs have remained the same over the five year period.

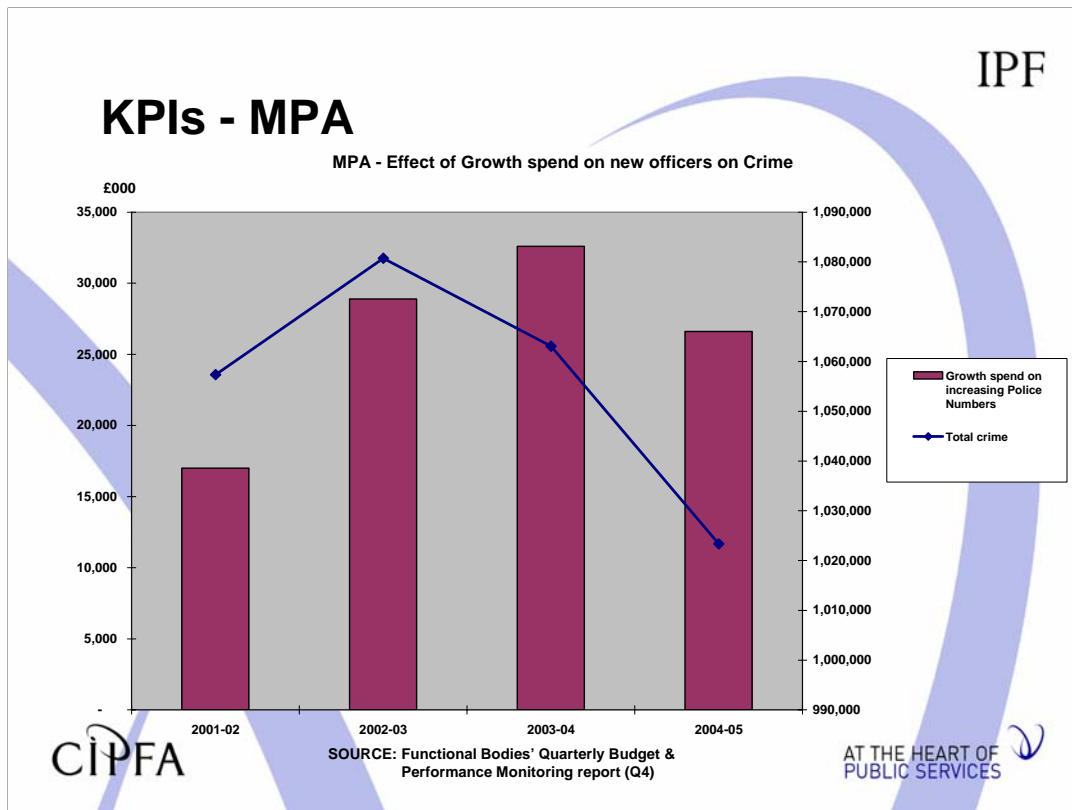
This makes trend analysis and long-term assessment of a particular policy’s success (or otherwise) very difficult to determine.



Looking at some key performance indicators for the MPA, and overlaying budget growth in related areas, there can be assessment of the impact of some of the objectives.

An example is the growth in spend on increasing officer numbers. As one would expect, this growth in budgets is matched by an increase in officer numbers (the blue line on the graph).

However, in 2005-06 the basis on which the KPIs were calculated changed, so the analysis cannot include this year. There should be consistency in how KPIs are determined to allow for trend analysis and reporting.

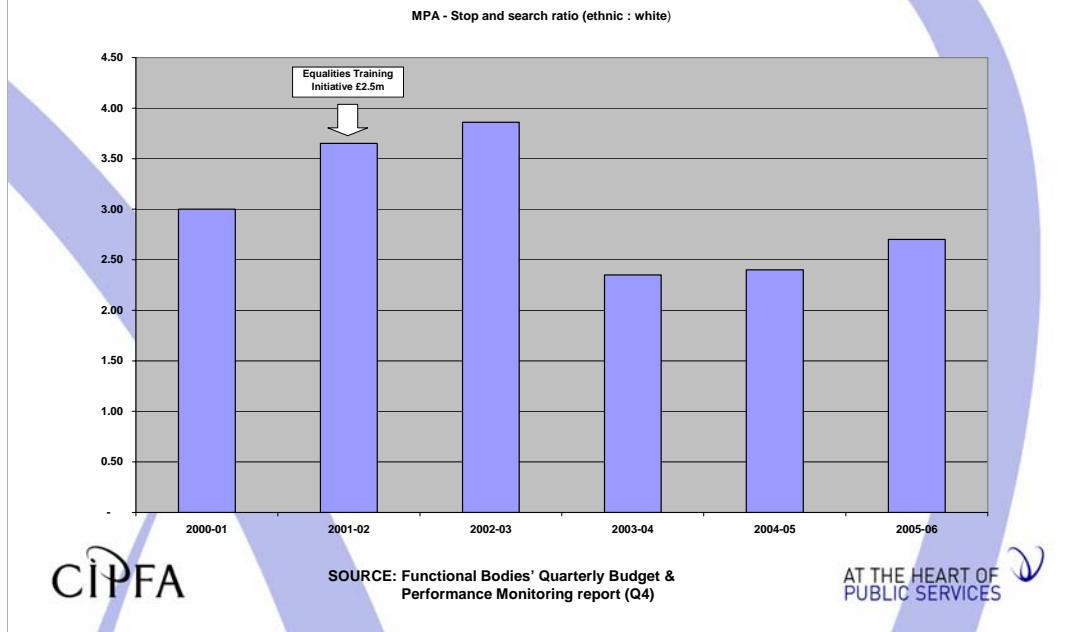


Of more relevance to the achievement of objectives and the links between inputs and outcomes, is to look at growth in spend on officer numbers plotted against total reported crime.

From the graph, it can be seen that although there is a lag, the increased expenditure on more officers has had a positive impact on crime, since the reported levels have decreased.

This should be caveated by the fact that there may be other extraneous factors which may account for the drop in recorded crime (economic reasons, for example), but as an indicative diagnostic of the impact of growth areas, this example is useful.

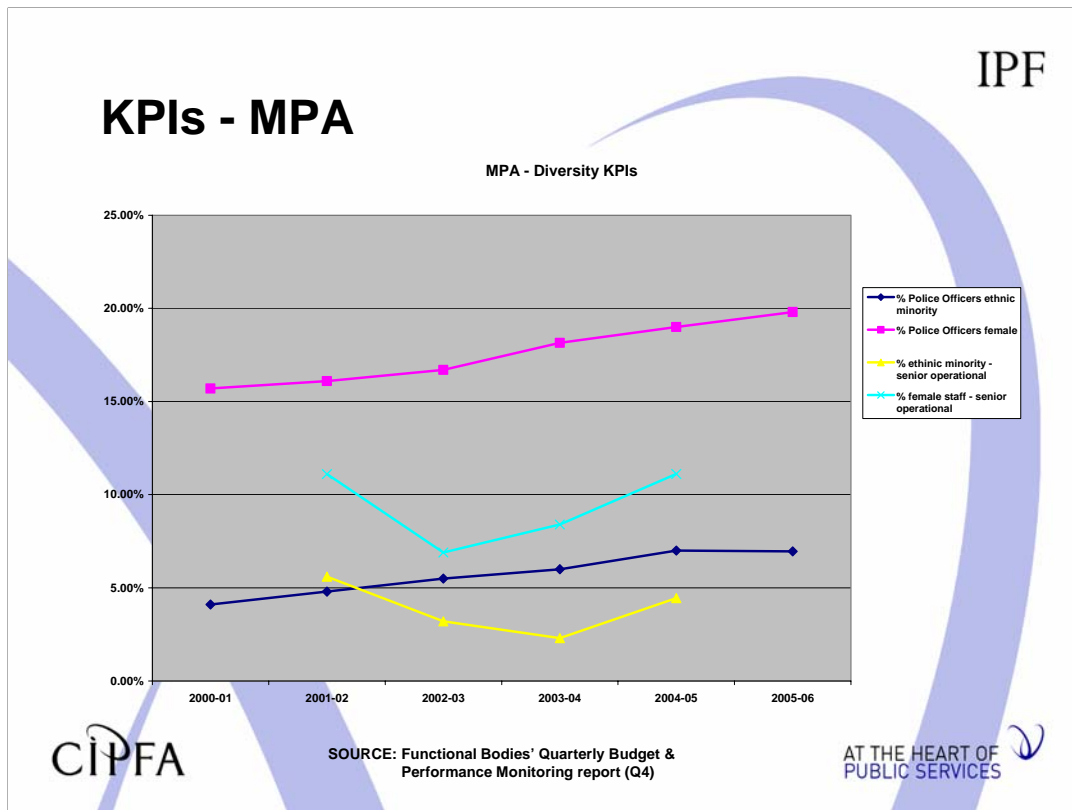
KPIs - MPA



Looking at the impact and effectiveness of new measures such as diversity training can be assessed as in the graph above.

Following an increased spend on diversity and equalities training in MPA in 2001-02 (and allowing for a lag to allow the culture and messages to filter through), there has been a marked decrease in the ratio of ethnic to white in stop and search incidents.

The slight rise in 2005-06 may well be a reflection of the aftermath of 7/7, but in the main, a trend can be seen.

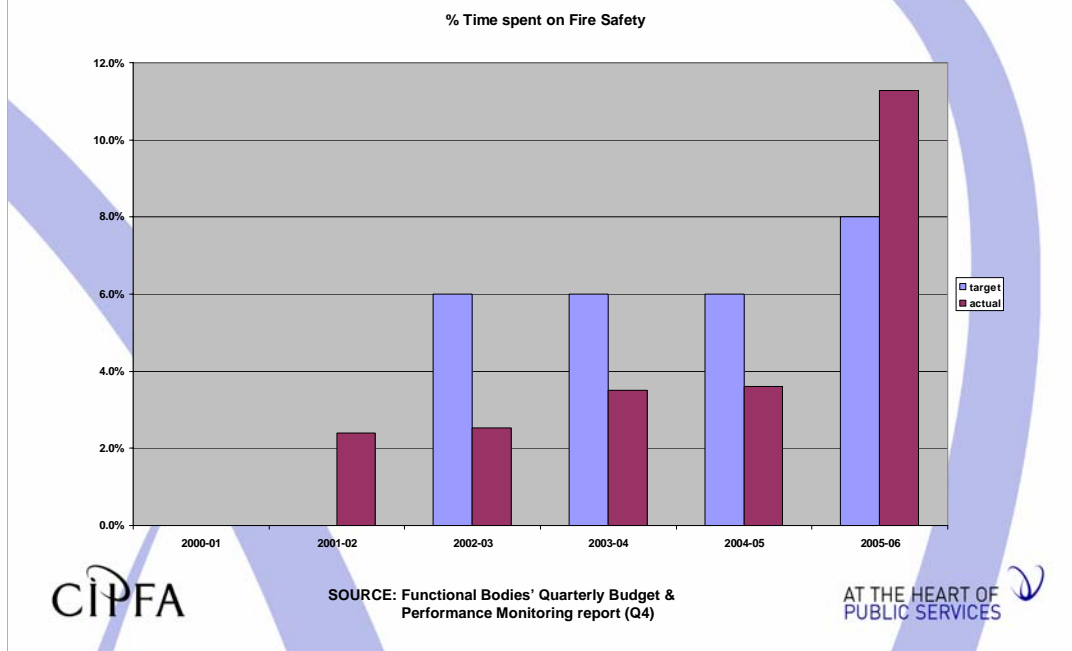


In terms of diversity indicators within MPA, as seen in the graph, all have demonstrated an upward trend, although there have been “dips” in the indicators for senior officers.

This is to be expected due to the low absolute numbers of senior officers from these groups, where one change of personnel can have a significant impact on the indicators.

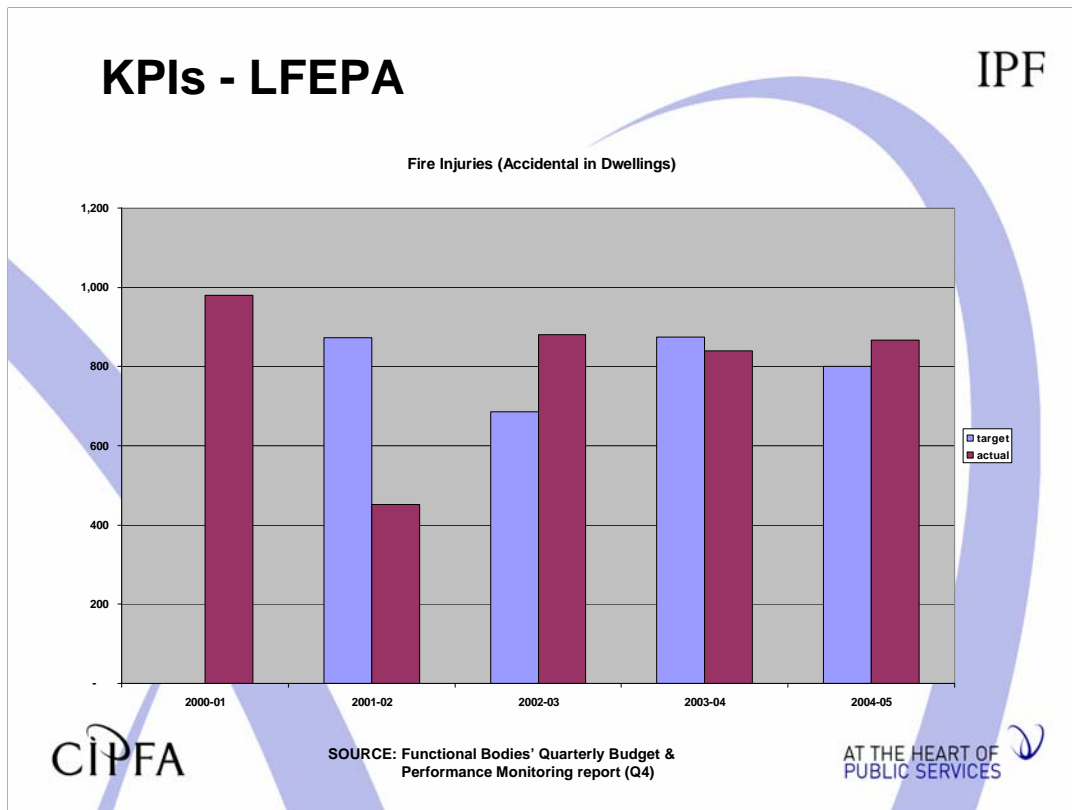
KPIs – LFEPA

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For LFEPA, if we focus on performance indicators linked to areas of new growth (and modernisation), we can see how as time has progressed, there has been a shift in focus to more preventative measures such as fire safety.

In 2005-06, the target for the percentage of time spent on fire safety has been exceeded, even though targets have been moved upwards.



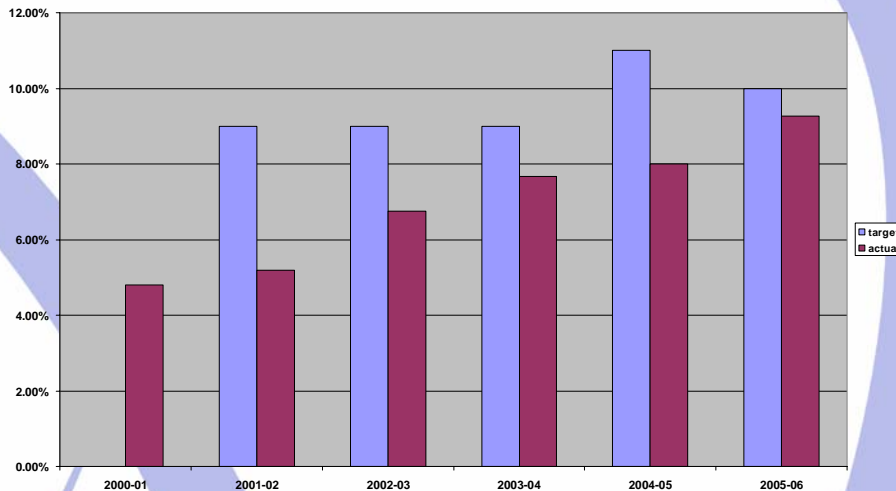
A more difficult choice of indicator is the number of fire injuries. There is little real control that LFEPA can exert over this, as is reflected in the graph above.

More suitable indicators could be developed, where LFEPA's activities can have a more substantial influence.

KPIs - LFEPA

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% Operational firefighters - from BME communities



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SOURCE: Functional Bodies' Quarterly Budget & Performance Monitoring report (Q4)

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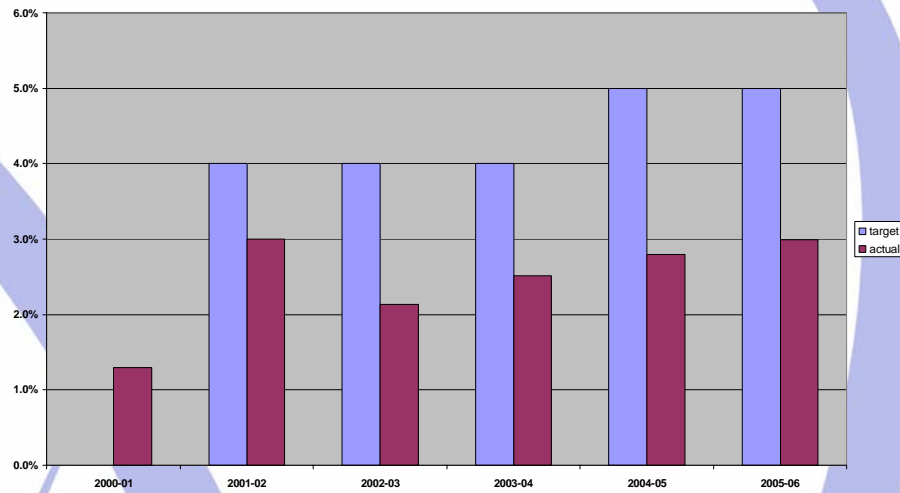
In terms of diversity, LFEPA demonstrates encouraging trends in pushing up the proportion of under-represented groups within its operational workforce.

Targets set have perhaps been overly challenging, but the trend of the “actual” graph is to be commended. Setting realistic targets is an important aspect of effective performance management and can avoid undue despondence from not meeting targets.

KPIs - LFEPA

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% Operational Firefighters - Female



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SOURCE: Functional Bodies' Quarterly Budget & Performance Monitoring report (Q4)

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Again the upward trend of actuals is encouraging, but more realistic targets should be set, taking account of performance from previous years.

KPIs - LDA

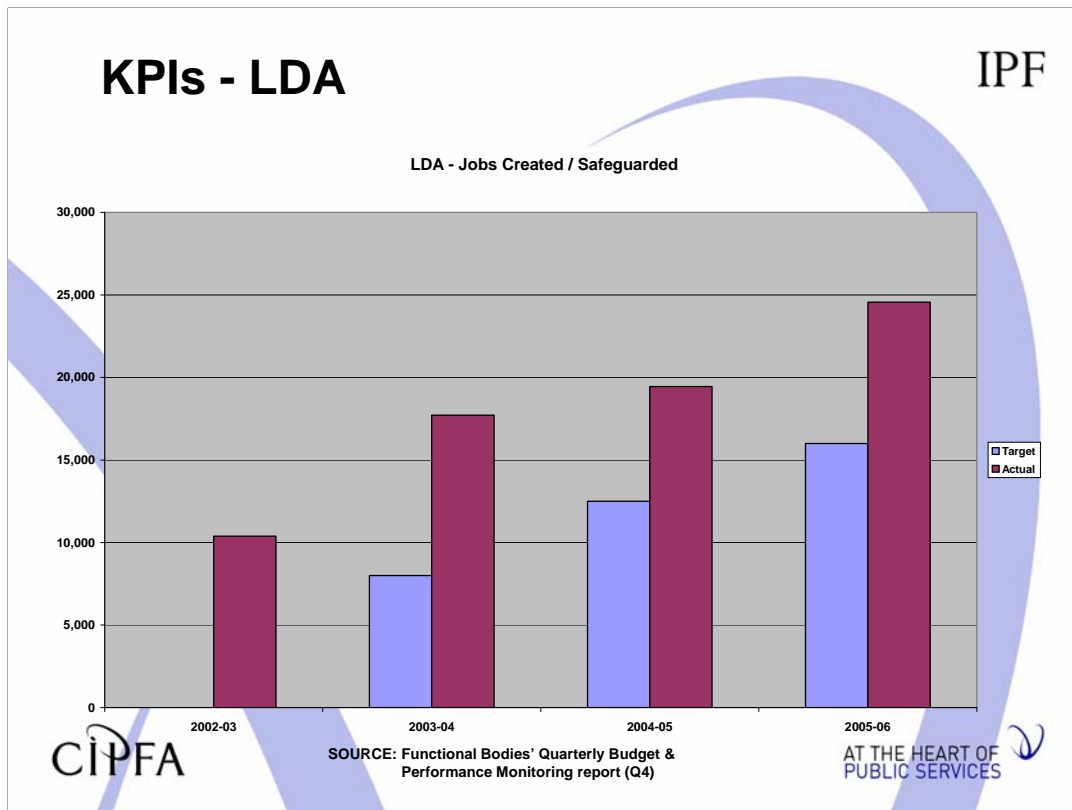
- KPIs reported to the Assembly relating to economic development and prosperity
- Due to nature of the organisation and focus on projects, could also measure effectiveness of:
 - Project Management (deadlines met, etc)
 - Project Implementation
 - Impact of project (could use KPI measures here)

The indicators for the LDA do demonstrate a good level of consistency and focus on economic prosperity aspects.

This is commendable in that it should reflect the impact of the LDA's activities.

Other (more inwardly facing) KPIs could also be developed to assess the organisation's performance in terms of effective management of programmes and projects.

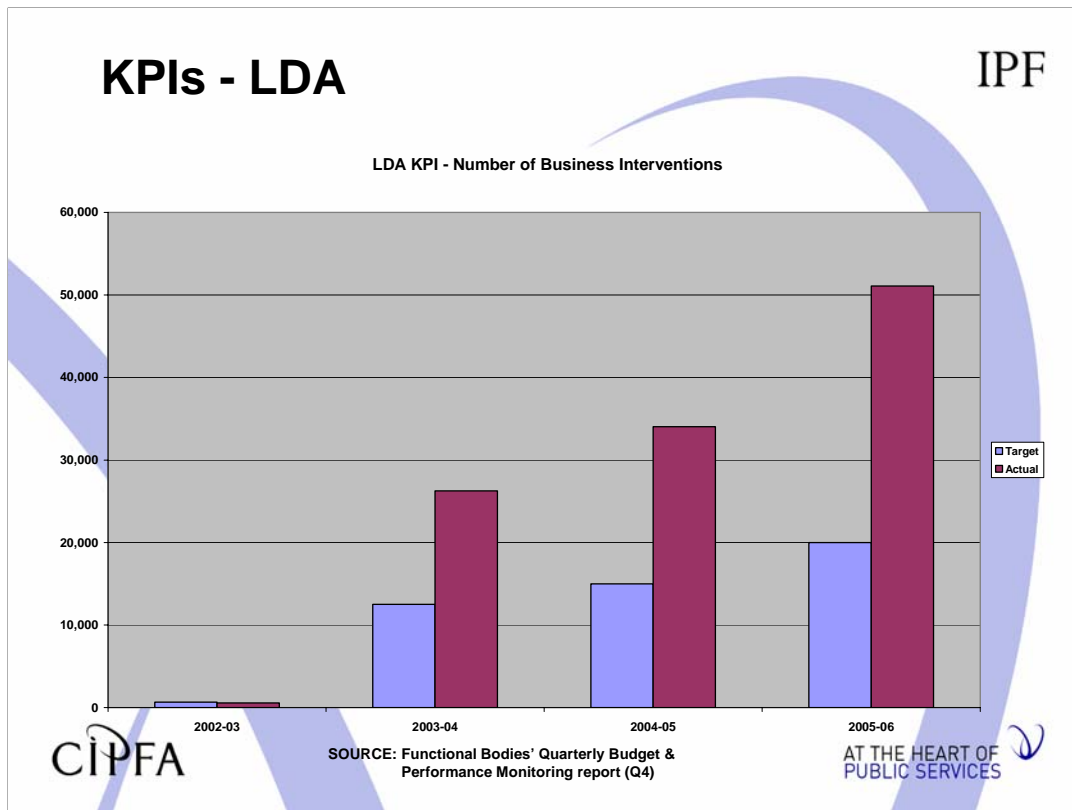
There could also be links between individual projects or initiatives and the identifiable outcomes of these.



This indicator highlights the number of jobs created or safeguarded and the upward trend and level of exceeded targets is encouraging.

However, it is harder to establish how much of this success is attributable to the activities and efforts of the LDA.

There also needs to be realistic target setting, since it is noted that actual for one year exceeds the set target for the following year.



The number of business interventions also demonstrates the growing influence and impact of the LDA as an organisation.

What is interesting from this graph is the fact that there is presumably a resource implication for business interventions and if planned targets have been exceeded to this great extent, then there must have been a financial impact on the organisation, in order to resource these interventions.

So either LDA has greater capacity than reported / planned to carry out these activities, or there are overspends due to increased activity or else other activities are not being carried out or decreased.

A link between this performance activity and financial performance needs to be more explicit.

KPIs - TfL

- Tangible measures for KPIs (passenger journeys, % schedule operated, etc)
- Consistent KPIs since 2000-01 – allowing good analysis of trends and effectiveness
- Performance reflects growth in expenditure in areas such as buses and LUL
- Performance could also be impacted by other GLA Group activities (e.g. Tourism, etc)
- More outcome measures needed

Transport for London again has the advantage of being able to utilise a good number of tangible performance measures that are clearly indicative of activity and the success of objectives.

Examples are passenger numbers and how effectively the transport schedules are run.

There has been a good degree of consistency in the KPIs and so analysis of trends and impact is made easier.

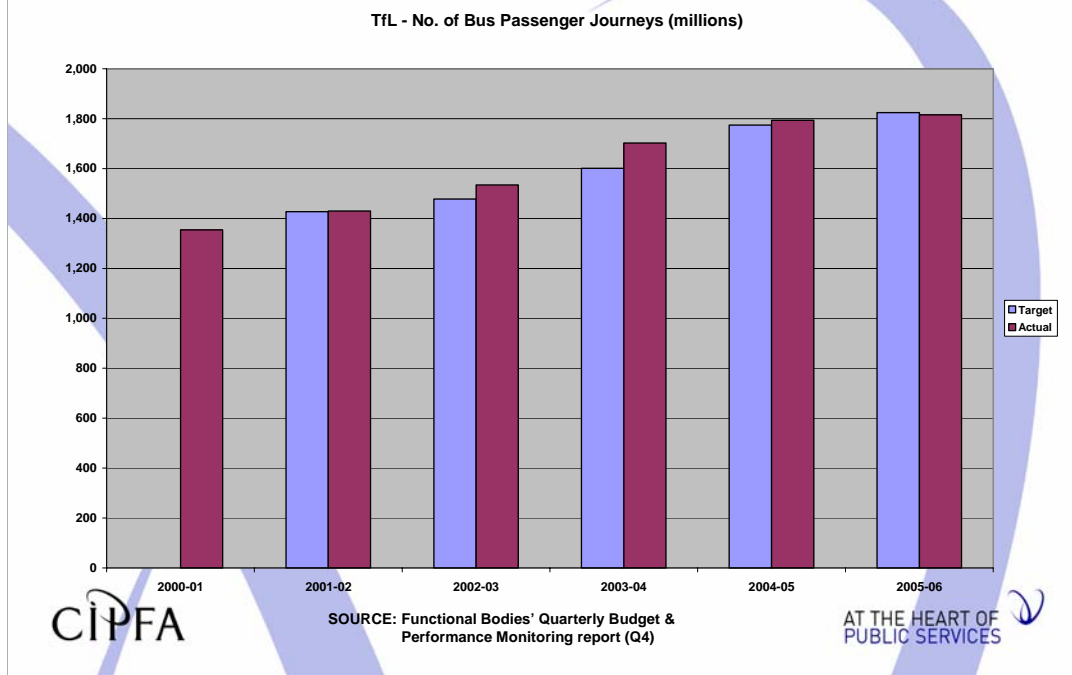
As one would expect, there are clear links between increases in spend and new activities and the resultant performance.

However, there could be other factors influencing performance and some of these could be as a result of activities by other GLA group members. This aspect could be developed and improved.

Whilst the KPIs are a good representation of input and output measures, more **outcome** measures should be developed to properly assess the impact of TfL and its activities.

KPIs - TfL

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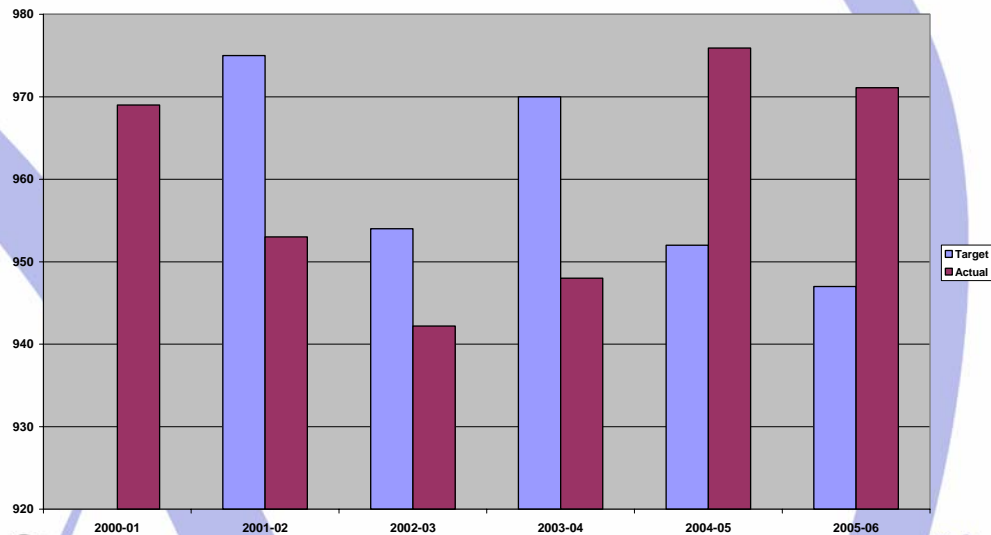


Reflecting significant increases in expenditure on improved public transport and better buses, the numbers of passengers for buses has steady risen and actual performance has been in line with targets.

KPIs - TfL

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TfL - No. of Underground Passenger Journeys (millions)



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SOURCE: Functional Bodies' Quarterly Budget & Performance Monitoring report (Q4)

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Looking at passenger numbers for London Underground, performance has been more sporadic and perhaps reflects that increased expenditure and development of LUL is only one of a set of factors that influences Underground usage.

Better forecasting for setting performance targets should be developed.

KPIs - GLA

- Make use of Best Value Performance Indicators (BVPIs) – 13 plus 4 local PIs
- However, few BVPIs assess the **impact** of the organisation (more administrative effectiveness)
- There **is** evaluation of performance against key priorities (Mayor's themes)
- Further KPIs could be developed to measure GLA's effectiveness and impact – for example, customer / public satisfaction surveys; monitoring the profile of GLA in the media, etc.

A lot of the Best Value Performance Indicators that GLA makes use of are focused on administrative tasks (answering telephones, paying invoices, etc), which is important for assessing effectiveness, but there are few KPIs for GLA which focus on the impact of the organisation.

To compensate, however, GLA is an exemplar of reporting performance in a “softer” more narrative fashion by outlining progress against mayoral priorities.

More KPIs could be developed to allow better longer term analysis, such as seeking Londoners views, satisfaction surveys and perhaps assessing the profile of the GLA in the press and media.

Assessing performance - conclusions

- Good mix of KPIs and other measures of performance across the GLA Group
- Make better use of KPIs – ensure they are relevant and linked to priorities (and key spending areas)
- Aim to maintain the same KPIs and performance measures – allows better trend analysis
- Develop more outcome measures and link to priorities and budgets (wherever possible)

There are examples of good practice across the group, and in a variety of methods of performance evaluation and reporting.

KPIs are a useful tool, but should not be used in isolation and the **choice** of KPIs can be important. More KPIs should demonstrate clear links with the priorities of the GLA group to allow analysis of the impact of these.

More outcome measures need to be developed (whilst it is recognised that this is a complex area), but this can give the opportunity for the Mayor and the Assembly the chance to clearly demonstrate how the GLA's activities are affecting the lives of Londoners.

IPF

Financial Performance

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Movements in Budgets – 01-02 to 02-03

	2001-02	Inflation		Efficiency savings	Growth in spend	Budget 2002-03
		%	£			
Met Pol	2065.9	2.8%	57.1	-63.8	62.6	2121.8
Lon Fire & Emerg PI	316.5	3.0%	9.5	-2.2	16.3	340.1
GLA	32.0	5.9%	1.9	-1.7	19.7	51.9
Transport for London	802.8	1.7%	13.7	-12.0	99.1	903.6
London Development Ag	256.0	0.8%	0.2	0.0	41.0	297.2
Consolidated position - Act	3473.2		82.4	-79.7	238.7	3714.6

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SOURCE: GLA's Consolidated Budget

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Looking at the movement in budgets from one year to the next, we have analysed the changes due to:

- inflation and contractual obligations
- Growth in spend
- reductions due to savings and efficiencies

As can be seen in the table above and subsequent tables, there has been significant growth for the GLA group overall from year to year.

Movements in Budgets – 02-03 to 03-04

	2002-03	Inflation		Efficiency savings	Growth in spend	Budget 2003-04
		%	£			
Met Pol	2121.8		73.4	-25.8	39.4	2208.8
Lon Fire & Emerg Pl	340.1		22.7	-2.1	8.5	369.2
GLA	51.9		2.1	-1.6	7.0	59.4
Transport for London	903.6		81.2	-7.2	1343.6	2321.2
London Development Ag	297.2	2.5%	7.4	-0.2	33.4	337.8
Consolidated position - Exp	3714.6		186.8	-36.9	1431.9	5296.4

Movements in Budgets – 03-04 to 04-05

	2003-04	Inflation		Efficiency savings	Growth in spend	Budget 2004-05
		%	£			
Met Pol	2208.8		66.7	-61.3	152.8	2367.0
Lon Fire & Emerg Pl	369.2		21.9	-2.0	6.2	395.3
GLA	59.4		1.3	-1.9	4.5	63.3
Transport for London	2321.2		163.4	-42.0	45.4	2488.0
London Development Ag	337.8	2.5%	8.4	0.0	-3.4	342.8
Consolidated position - Exp	5296.4		261.7	-107.2	205.5	5656.4

Movements in Budgets – 04-05 to 05-06

	2004-05	Inflation		Efficiency savings	Growth in spend	Budget 2005-06
		%	£			
Met Pol	2367.0		69.0	-73.0	365.0	2728.0
Lon Fire & Emerg Pl	395.3		13.5	-7.5	6.7	408.0
GLA	63.3		2.7	-0.5	-5.4	60.1
Transport for London	2488.0		163.0	-39.0	2329.0	4941.0
London Development Ag	342.8	2.5%	8.6	-9.8	93.1	434.7
Consolidated position - Exp	5656.4	0.0	256.8	-129.8	2788.4	8571.8

Movements in Budgets – 05-06 to 06-07

Met Pol

Lon Fire & Emerg Pl

GLA

Transport for London

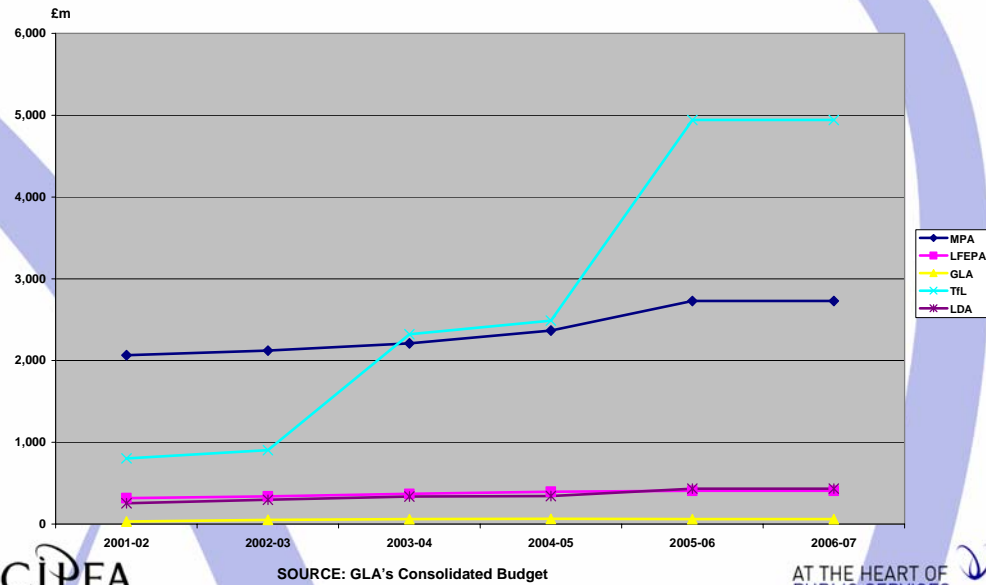
London Development Ag

Consolidated position - Exp

Inflation		Efficiency savings	Growth in spend	Budget 2006-07
%	£			
	68.5	-68.3	102.3	2830.5
	12.0	-7.4	-5.6	407.0
	2.0	-0.8	60.7	122.0
	118.0	-191.0	318.0	5186.0
	10.9	-3.6	-19.5	422.5
	211.4	-271.1	455.9	8968.0

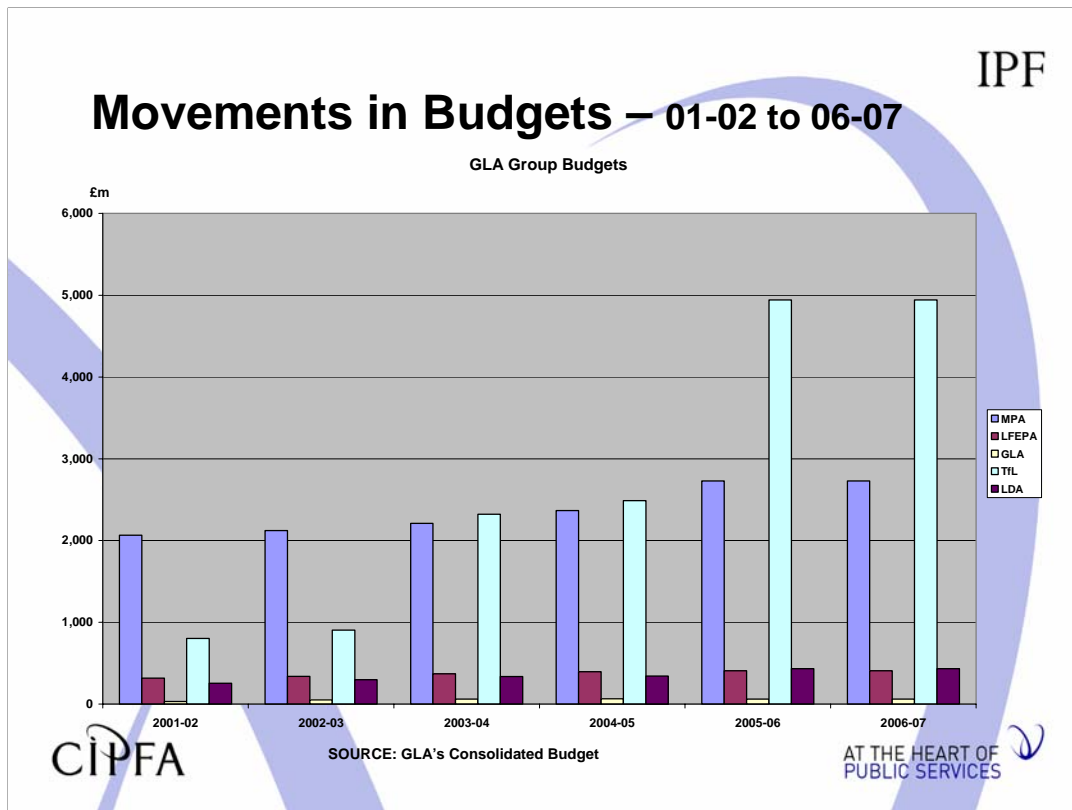
Movements in Budgets – 01-02 to 06-07

GLA Group Budgets



Charting the growth in budgets for each of the GLA group members, it can be seen that there has been modest growth for LFEPa, LDA and the GLA.

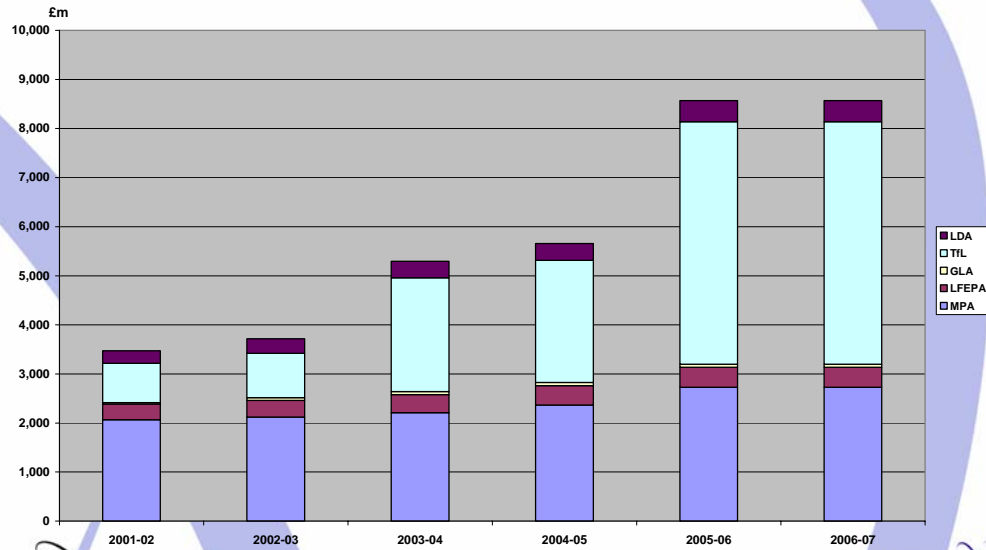
MPA demonstrates steady growth and leaps in growth for TfL.



This is the same graph but in bar chart format.

Movements in Budgets – 01-02 to 06-07

GLA Group Budgets



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SOURCE: GLA's Consolidated Budget

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This graph shows the cumulative growth of the group's budgets, reflecting the large increase in activity for the GLA over these initial five years.

Movement in Budgets

- Inflation increases account for a significant part of the growth in budgets (contracts, pay)
- Major leaps in growth for bodies such as TfL
- More steady sustained growth in other areas (e.g. MPA for Policing numbers)
- Achievement of over 2% efficiency savings in most years
- Efficiency savings not equally distributed

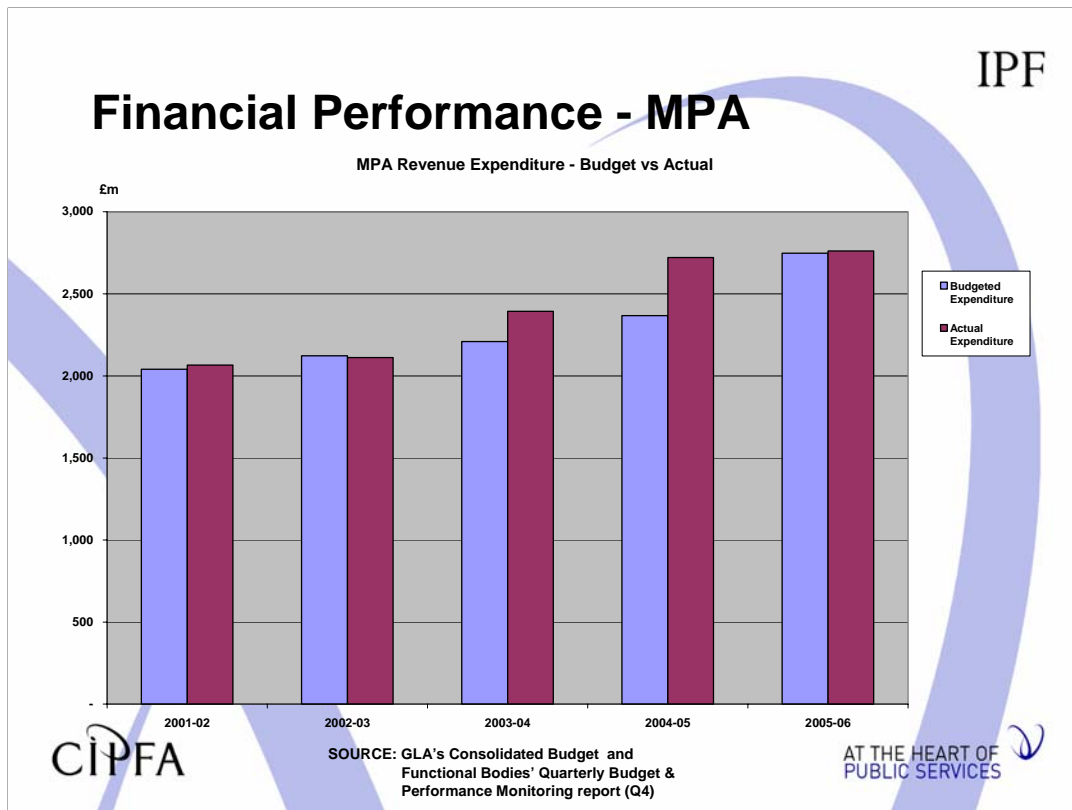
In terms of the growth in budgets for each group member, inflation, pay awards and contractual obligation play a significant part.

For individual group members, the large increases for TfL reflect the major schemes undertaken over this five year period including congestion charging, integration of London Underground and better public transport.

There is more steady, sustained growth in the MPA, due in the main to increased officer numbers.

The other three organisations change little, year on year, with fairly static levels of overall budget.

It is also encouraging to note an overall 2% efficiency savings annually across the group, although it must be pointed out that these savings are not distributed evenly.

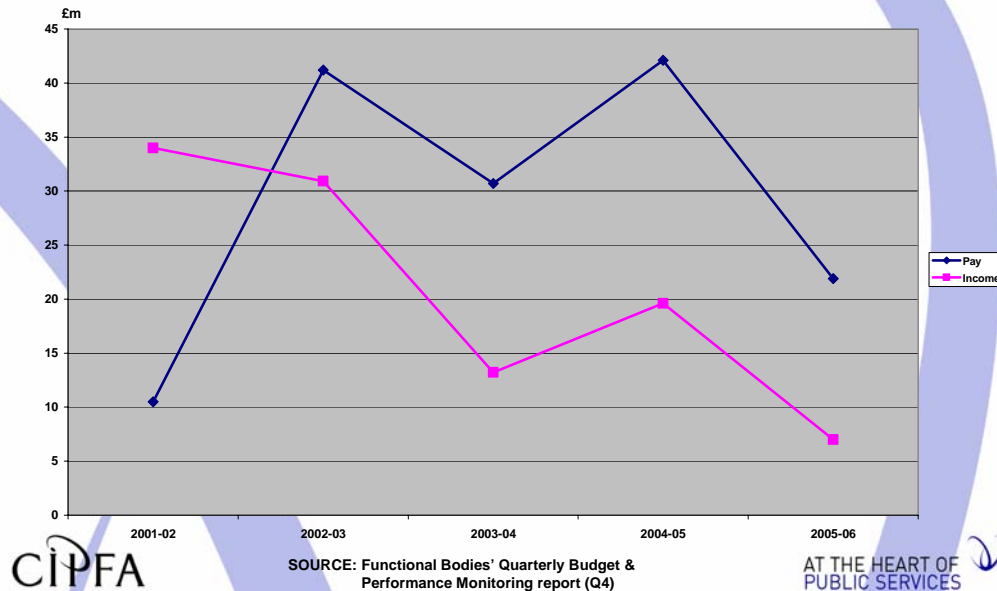


Looking at variances from budget for the group members and starting with the MPA, it can be seen that there is a trend for overspending, although in relative terms this is fairly minor.

The graph also shows the level of growth in expenditure by the MPA.

Financial Performance - MPA

MPA - Key Underspends (subjective headings)



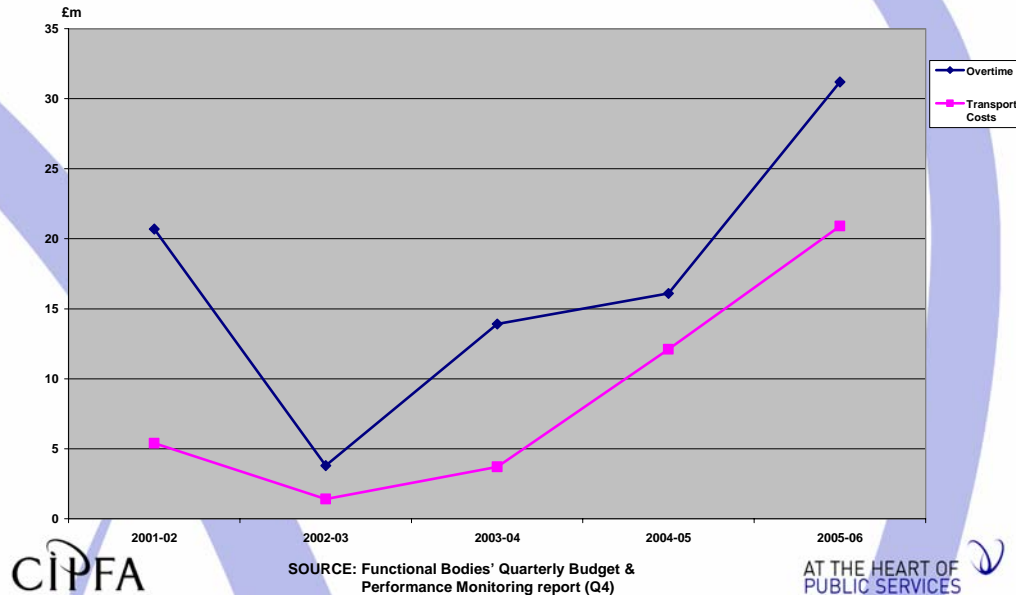
In more detail, we have analysed the main variances against budget headings. The key areas of continuing underspend for the MPA have been on pay and better than planned levels of income generated.

The graph shows absolute values and it can be seen that the levels of underspend on pay are sporadic and frequently in excess of £20m. When juxtaposed with a push for improved recruitment and retention of officers and staff, this is an area which needs addressing.

Looking at income, whilst it is prudent not to over-estimate levels of income to be achieved, the five year trend indicates that there is scope to raise planned income targets for the MPA.

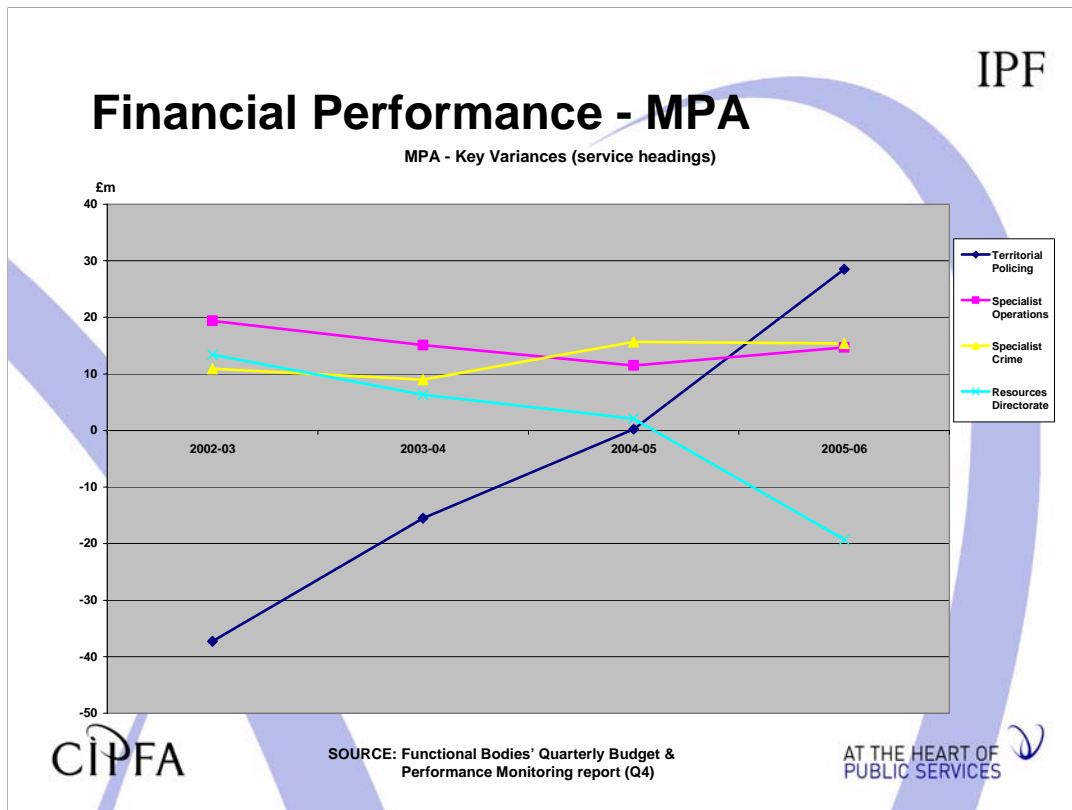
Financial Performance - MPA

MPA - Key Overspends (subjective headings)



Moving on to areas of recurrent overspending, the main subjective areas are transport costs and overtime, specifically police officer overtime (shown in the graph).

Despite assertions to manage officer overtime and reduce it (in the light of increasing officer numbers), there remains significant levels of overspend from year to year. This Committee has raised this issue on a number of occasions, but there still appears to be little improvement in the situation.



Focusing on budget headings from a service perspective, rather than a subjective one, the main elements showing regular variances from budget plans include Territorial Policing, Specialist Operations and Specialist Crime, as well as the Resources Directorate.

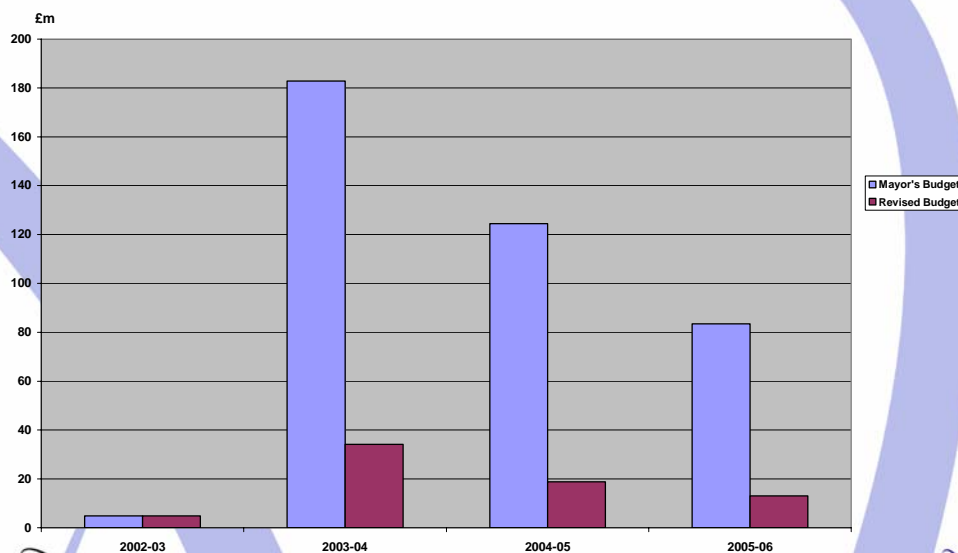
The area of Territorial Policing has increased dramatically with increasing officer numbers, but has also seen a shift from an underspend position to an overspend.

Areas such as specialist operations and specialist crime are influenced by a greater number of extraneous factors (demand –led in the main) and so it may be harder to ensure that budgets are adhered to. Nevertheless, a consistent level of overspending would suggest that budget levels should be increased to better reflect patterns of actual spend.

The Resources Directorate has moved from an overspending position in the early years to a significant level of underspend in 2005-06 – further analysis should be undertaken to assess the impact of this level of underspend on the organisation and its capacity to deliver.

Financial Performance - MPA

Changes in Centrally held budgets



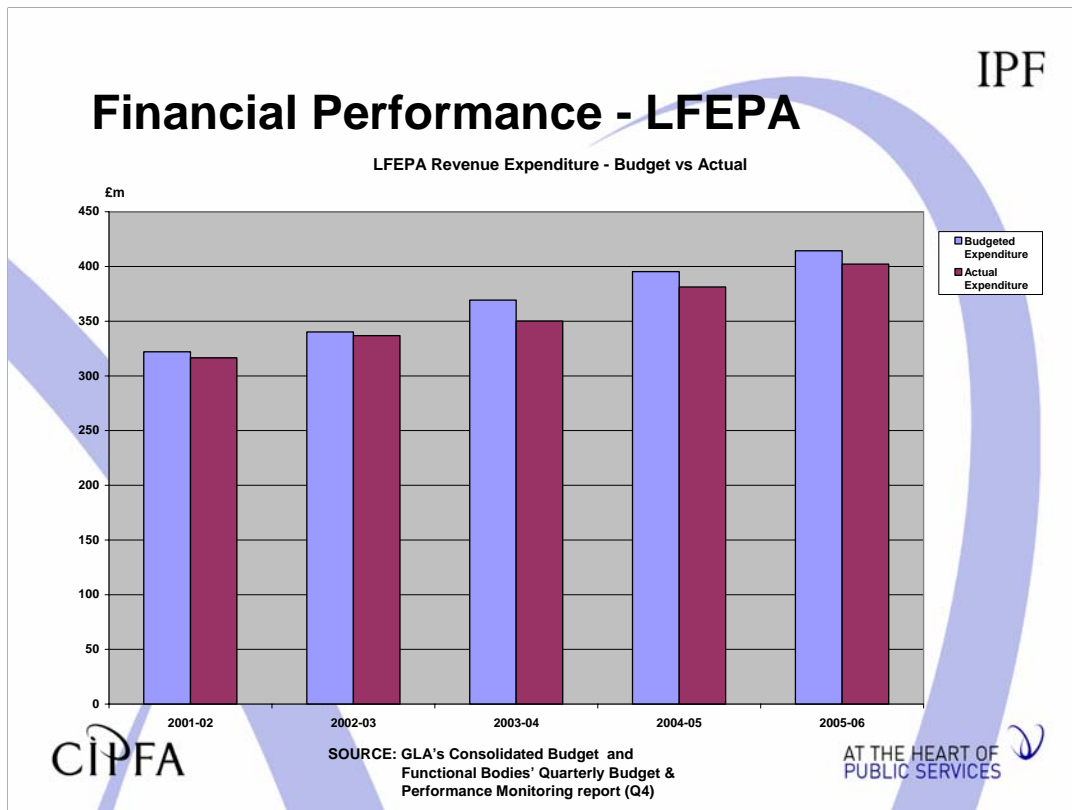
CIPFA

SOURCE: Functional Bodies' Quarterly Budget & Performance Monitoring report (Q4)

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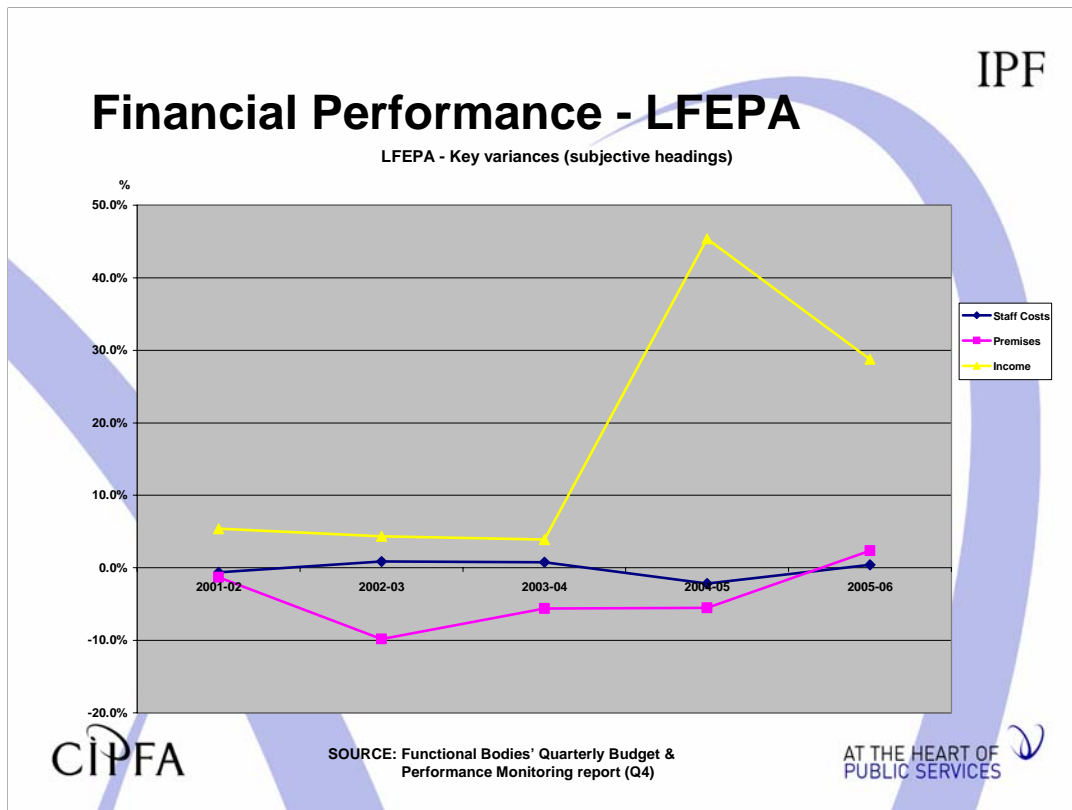
One notable area of concern which has been repeatedly raised by the Committee has been the practice of retaining a significant level of expenditure as “centrally held budgets” – to be allocated at a time **after** the Mayor’s Consultation Budget has been prepared.

The above graph outlines the pattern of these swings and highlights the issue that for effective scrutiny of budgets and expenditure, the picture needs to be as accurate as possible at the earliest opportunity. The retention of some expenditure centrally distorts the pattern of expenditure at the time it is considered by the Budget Committee.



LFEPA also shows steady growth and demonstrates a consistent but low level of underspending against budget.

It is difficult to highlight whether these underspends are taken into account when setting budgets for subsequent years, but better forecasting could help remedy the culture of underspend.

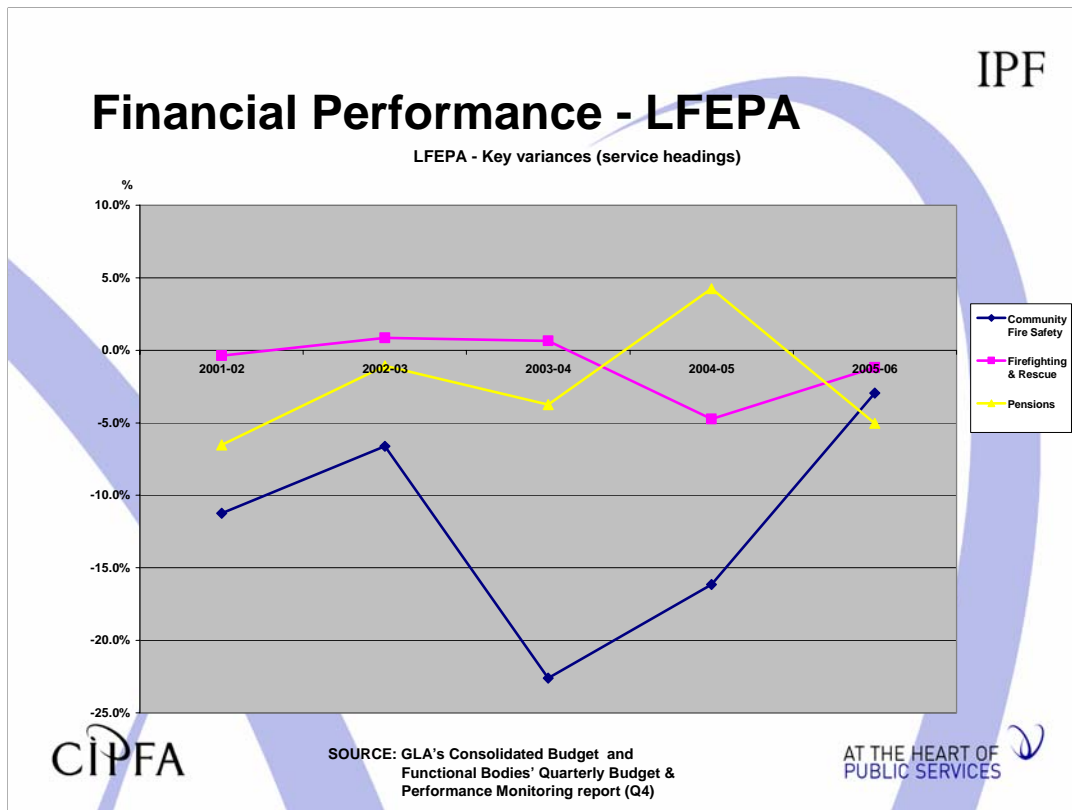


More detailed analysis of the key variances from a subjective analysis is shown in the graph above.

Rather than looking at absolute figures (which are only around the £1m mark), consideration of over- and underspends in percentage terms does better to put issues into context.

From this graph, the two areas of concern are that actual spend for fire pensions is consistently below predicted levels. Whilst it is appreciated that the outside influence of officers deciding when to retire is a factor, better forecasting (making use of trends from previous years) can be applied to reduce levels of variance from budget.

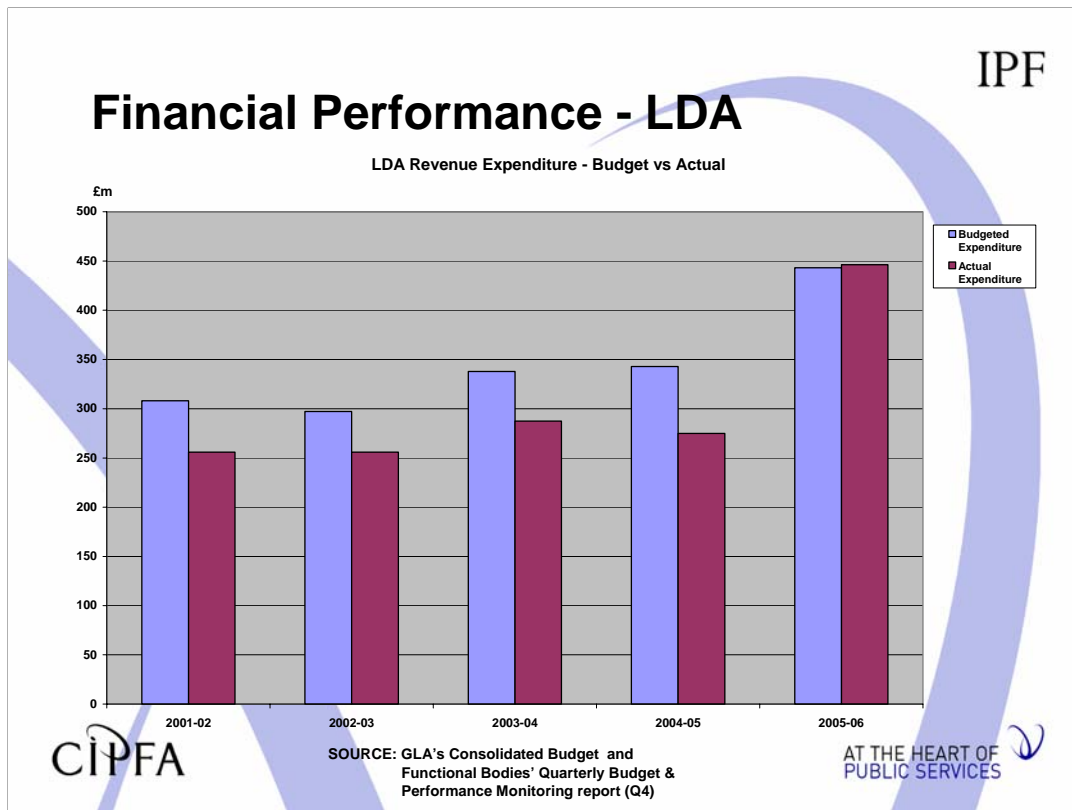
AS with MPA, LFEPA demonstrates a trend of over-pessimistic estimates for income generation. There does need to be a degree of prudence, but better forecasting could assist in helping to reduce the budget requirement for LFEPA, better reflecting actual expenditure patterns and levels.



Looking at variances from a service analysis standpoint, the major issue is the consistent underspend in community fire safety, an area which is a major priority for LFEPA.

Further investigation is recommended into the causes of these variances (perhaps linked to the way the services are delivered by operational firefighters and a resultant conflict of priorities), so that the situation can be effectively managed and addressed. The indicative trend is that in more recent years, such variations are being brought under control.

It is interesting to note though, that when considered in conjunction with the KPI information about Fire Safety, the exceeding of performance targets in this area by a significant margin still allows for an underspend against budget.

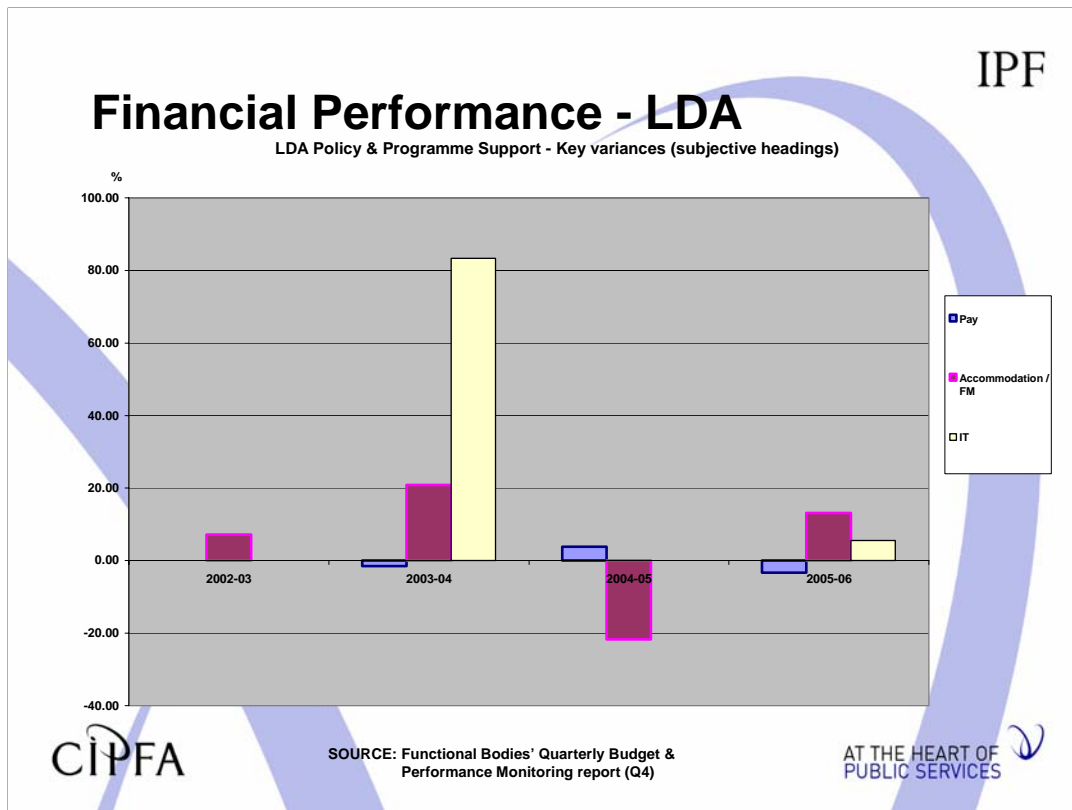


The graph for LDA shows relatively significant levels of underspending, but this is perhaps to be expected due to the nature of LDA's activities with programme and projects suffering from slippage.

More effective management and reporting on projects and programmes, together with refined forecasting of financial performance could see this improve.

Unfortunately, the data and reporting of financial performance by the LDA to this Committee is such that it has been to undertake more detailed analysis of particular budget headings, particularly programmed capital and revenue expenditure.

This has been as a result of grant funding changing to reflect actual spending patterns, or where additional grant opportunities have influenced patterns and levels of expenditure.



We have undertaken some detailed trend analysis of over- and underspends for Policy & Programme Support within LDA, under subjective budget headings. In absolute terms, fluctuations have been minor, but it is important to consider them in relative terms as well.

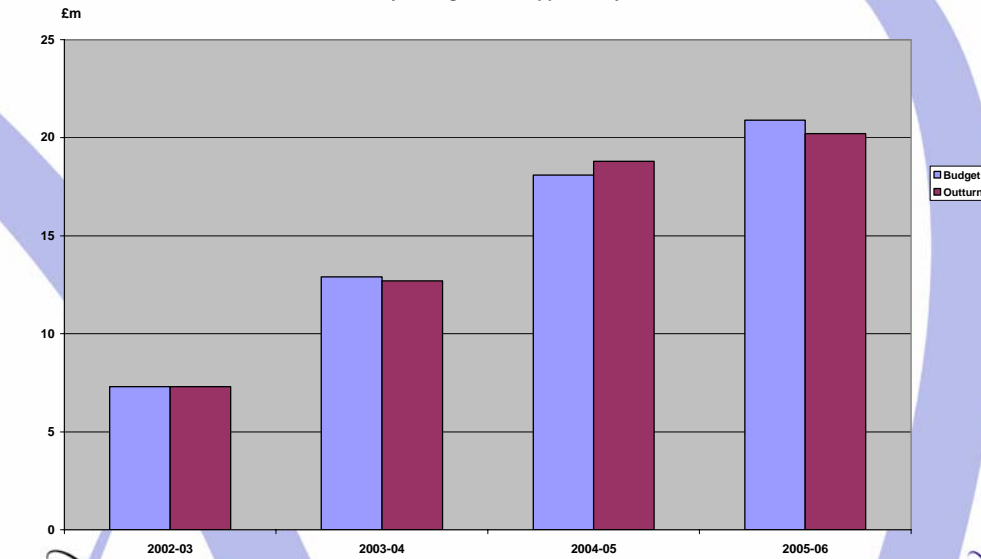
What was noted from the budget and performance monitoring reports was a high and regular occurrence of fundamental errors in the figures and variances quoted. This surely affects transparency and reliance on the contents of the reports as well as affecting the ease of understanding of the financial position.

In addition, for Policy & Programme Support, the overall figures were balanced to a nil variation through compensating reductions in “general admin expenditure”. The impact of this practice on the effectiveness of the LDA as an organisation needs to be looked into.

The three areas with most significant variations are Pay, Accommodation (including furniture, fixtures and fittings) and IT costs. AS the three following slides indicate, there have been incidences where there have been unexpected underspends or overspends

Financial Performance - LDA

LDA Policy & Programme Support - Pay variances



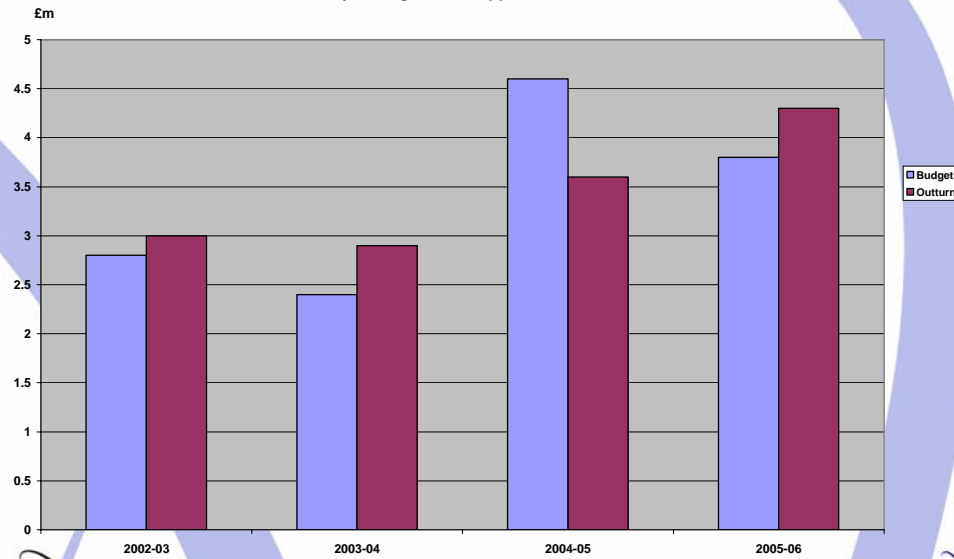
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SOURCE: Functional Bodies' Quarterly Budget & Performance Monitoring report (Q4)

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Financial Performance - LDA

LDA Policy & Programme Support - Premises variances



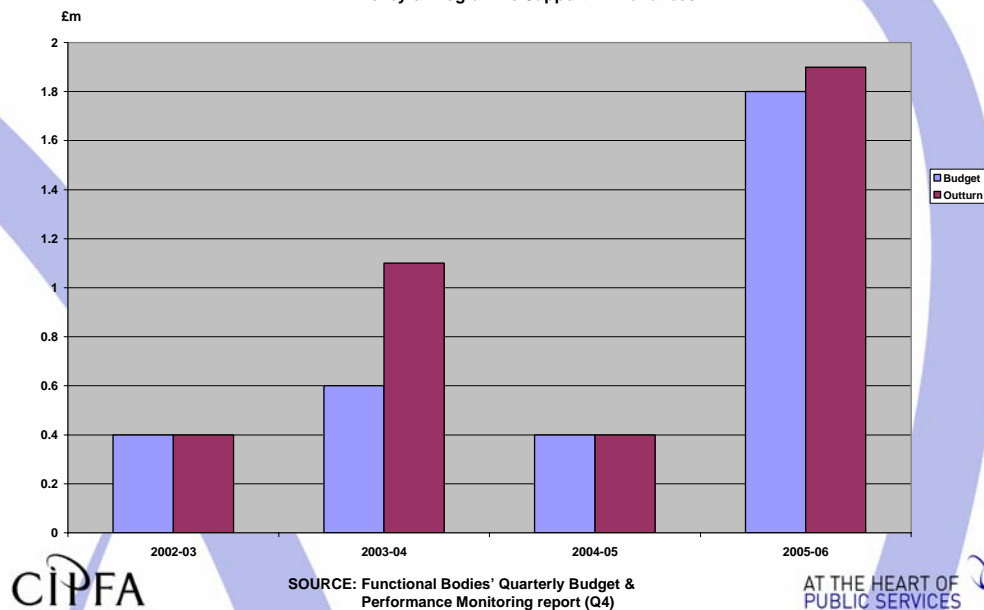
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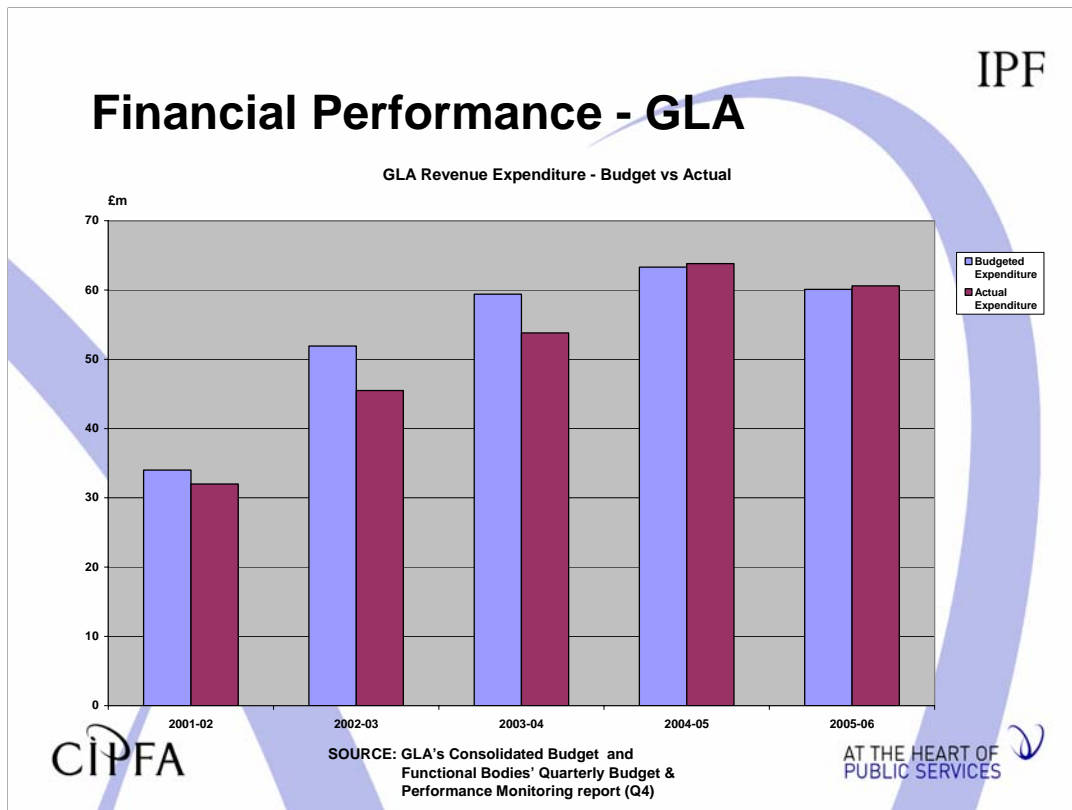
SOURCE: Functional Bodies' Quarterly Budget & Performance Monitoring report (Q4)

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Financial Performance - LDA

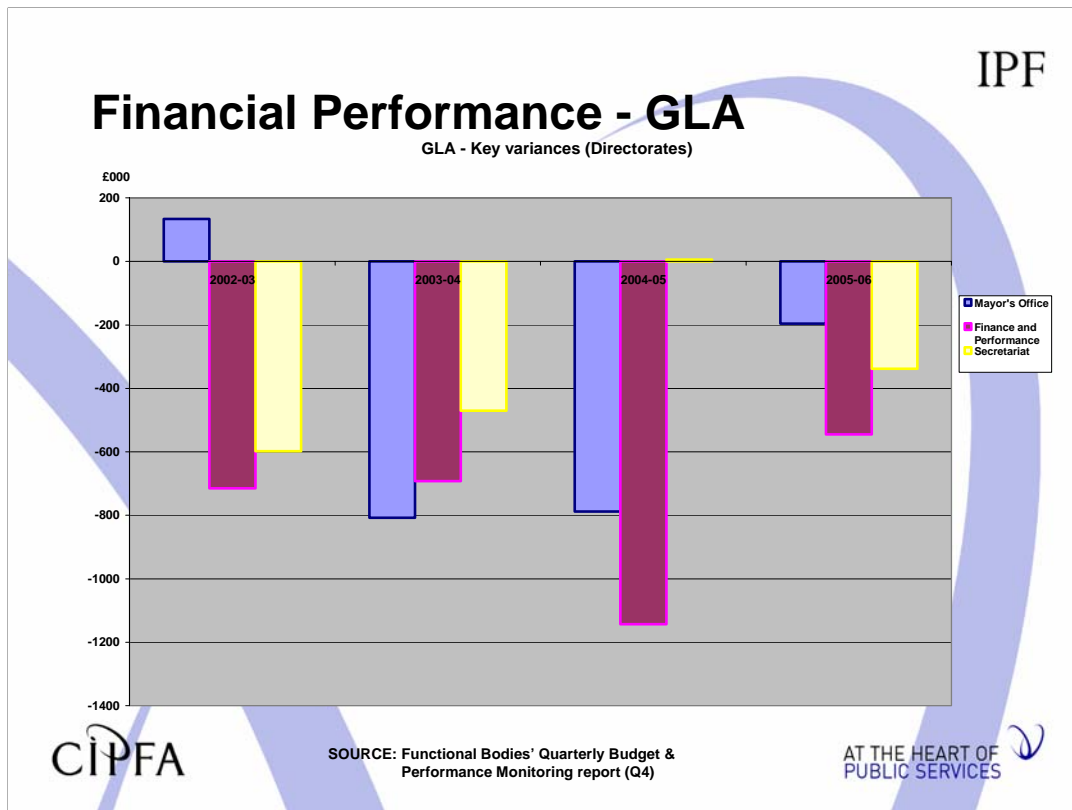
LDA Policy & Programme Support - IT variances



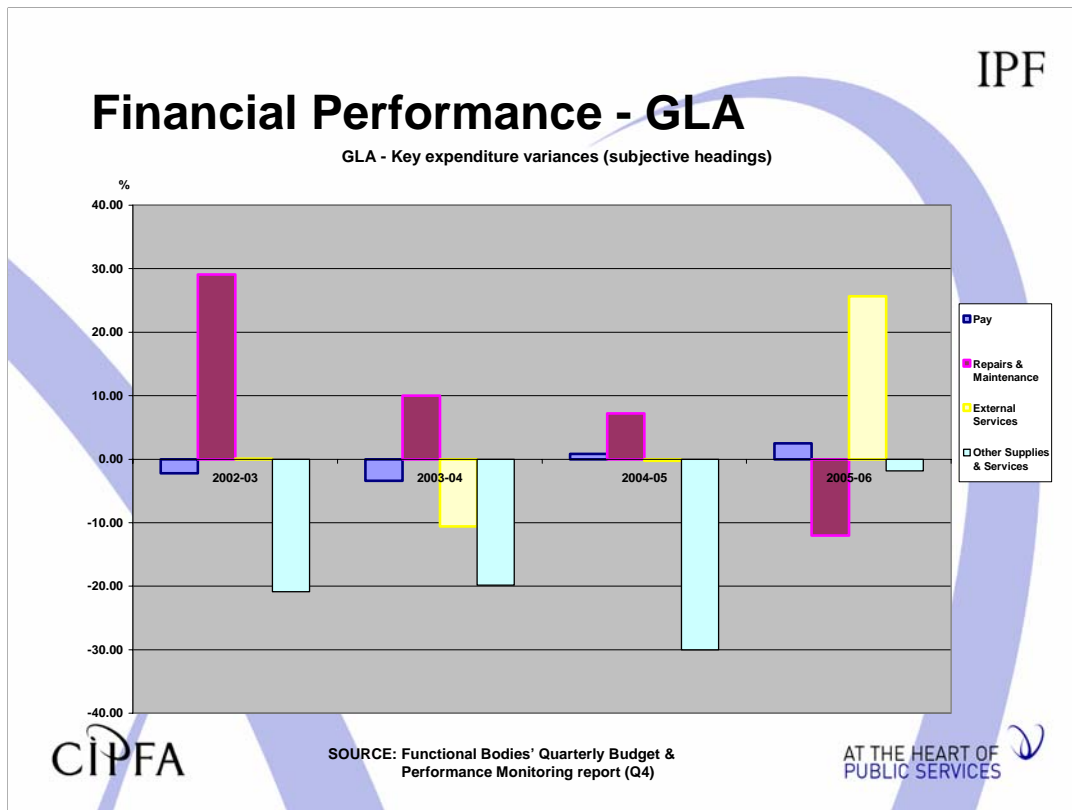


As time has progressed, the level of under- and overspends for GLA have been reduced and there do not appear to be significant underspends or overspends for the organisation.

Very detailed financial reporting to the Committee now takes place and it should be accepted as good practice that GLA identifies and highlights areas of variance in some detail. The cost benefit of this type of exercise for the other GLA group members should be investigated.



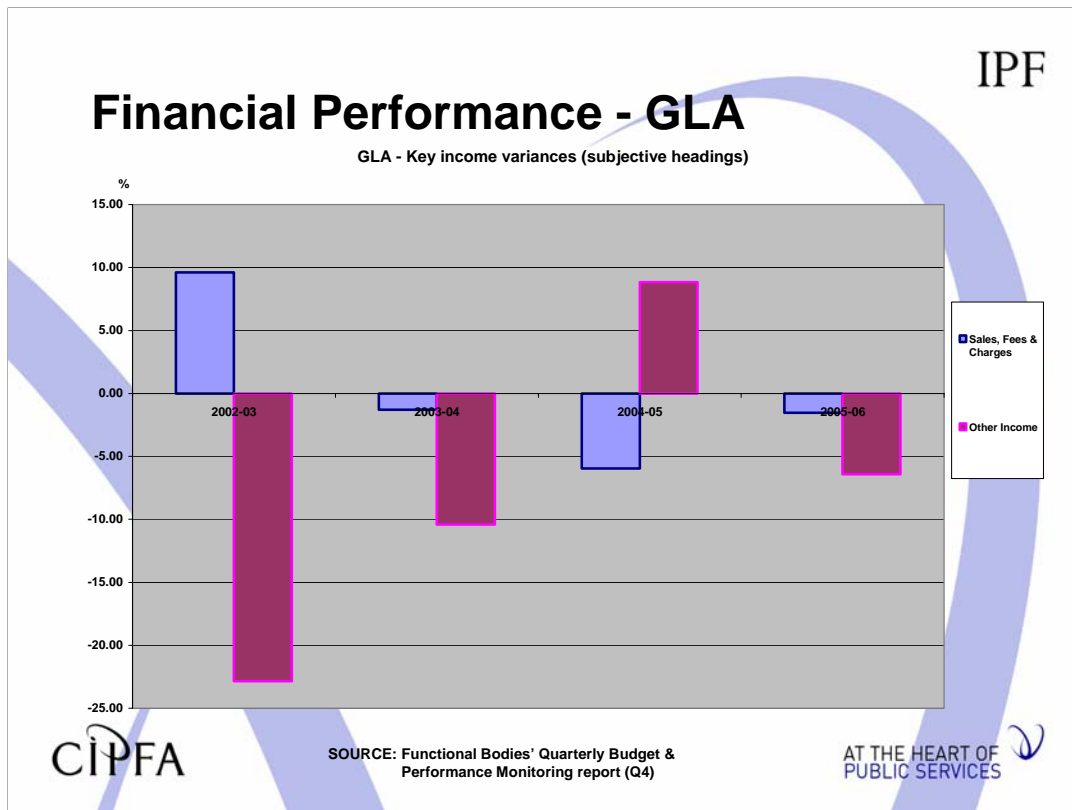
This graph indicates the relatively high level of underspending for several of the key directorates within the GLA, with continuing trends, year on year.



Looking at percentage under- and overspends for key subjective headings on expenditure, there is evidence for a low, yet consistent level of underspending on pay costs and a far more significant history of underspending on the “other” category of supplies and services.

There is an encouraging downward trend in terms of spend on repairs and maintenance, although the impact of underspending in 2005-06 on subsequent years may need to be taken into account.

External services spending fluctuates from year to year and it has been noted that the level of this budget heading varies greatly from Mayor’s budget stage to revised budget stage.

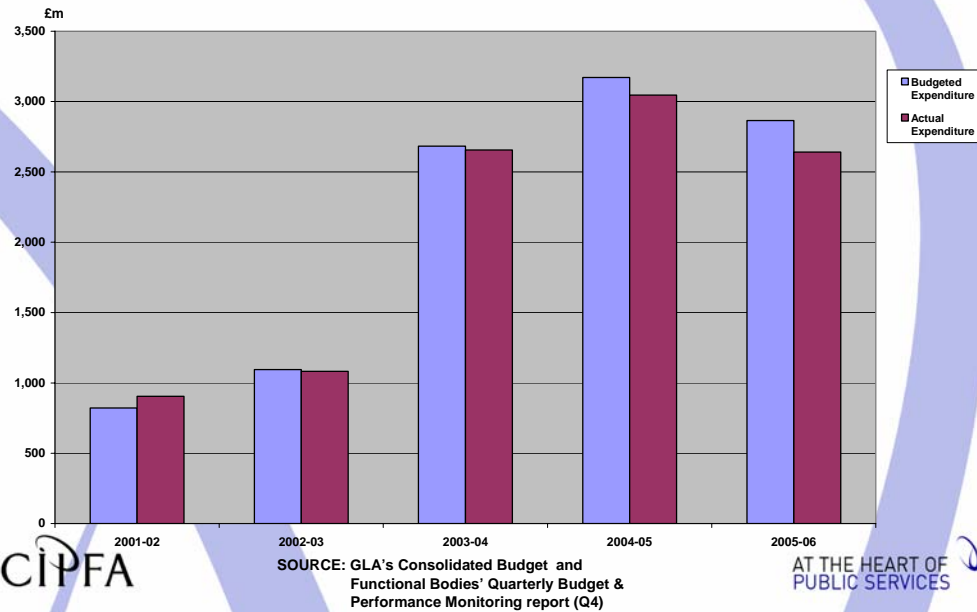


For income headings there has often been an over-recovery of income (again in an “other” category) which indicates either a need for better forecasting or a reduction in prudence.

The same is true for the levels of sales, fees and charges. The impact of this continuing pessimism on income levels on budget requirement merits further investigation and action as appropriate.

Financial Performance - TfL

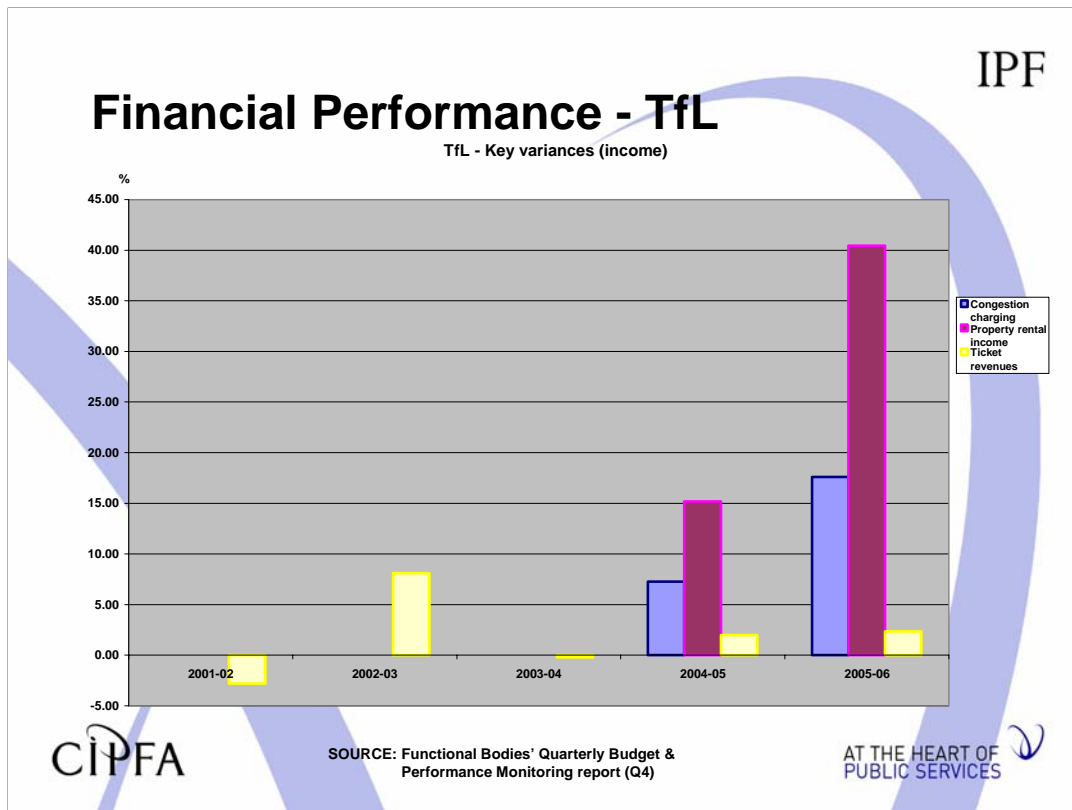
TfL Net Service Expenditure - Budget vs Actual



The peak of growth in expenditure, now dropping back due to better efficiencies and savings within TfL can be seen in the graph above.

Again, better forecasting techniques are required to minimise variations against budgeted spend, particularly in areas such as income and passenger numbers.

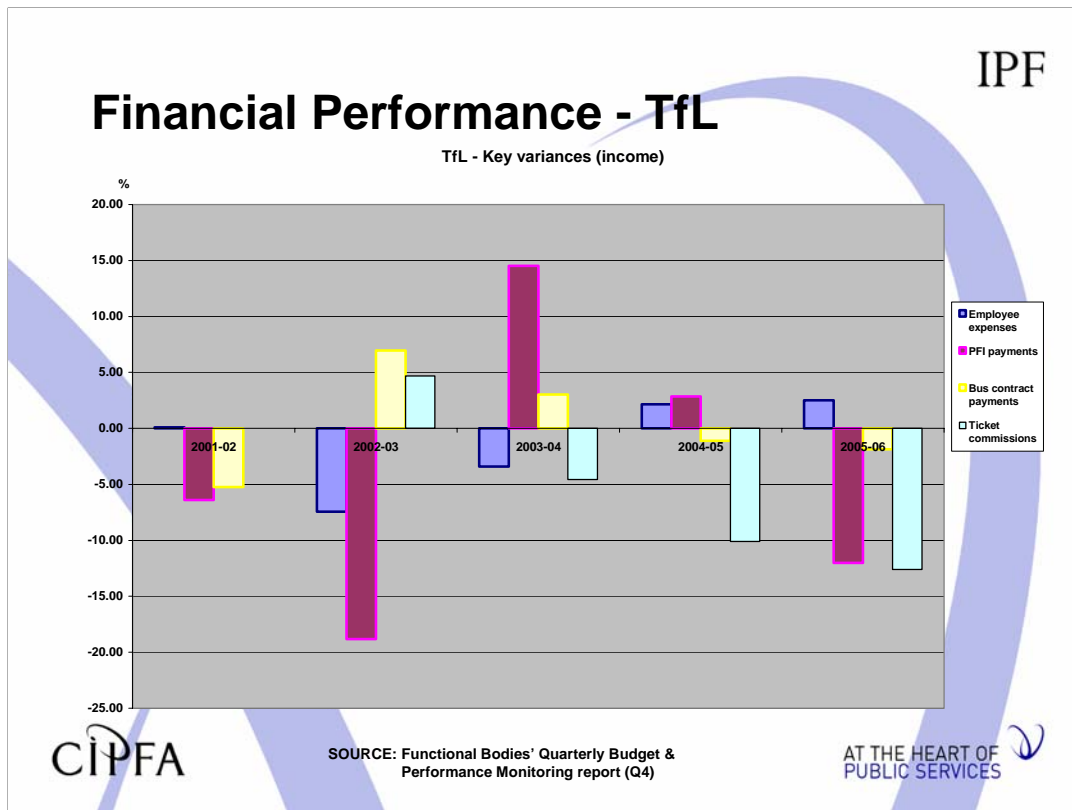
As mentioned in the savings section of this presentation, some of the underspends are attributable to unforeseen savings such as rebates.



Focusing on the key variances in income budget headings for TfL, under- and overspends for ticket revenues have swung between 4% under and 8% over. In absolute terms this equates to variations of between £10m under-recovery and £50m over-recovery.

As with other GLA group members, more sophisticated forecasting techniques could bring this better into line with planned income levels, or allow for more accurate budgets.

In more recent years, there has been better than expected performance in income generation for property rentals and for congestion charging. Again, more accurate forecasting of income levels in relation to budget-setting could have a beneficial effect on budget requirement.



Moving on to expenditure variances, the graph shows quite significant incidences of underspending and overspending, occurring year on year.

Key areas that merit further examination include the fluctuations in PPP/PFI payments, which have clearly accounted for some of TfL's greater than expected levels of underspend / savings. Tighter contract monitoring could allow for more accurate forecasting.

Bus contract savings have occurred in the last two years and it is encouraging to note that TfL have taken this into consideration when proposing savings targets for subsequent years.

Whilst ticket commissions only represent a very small element of TfL's overall budget, there are regular and relatively significant levels of underspend. Budgets could be adjusted to take account of this consistent level of underspending to either reduce pressure on budget requirement or allow allocation of resources to other priority areas.

Financial Performance

- Some variation against budgets, although no major over- or under-spends on total expenditure
- Good reporting of financial performance (to Budget Committee and beyond)
- Need stronger links with budget priorities rather than just functional areas and subjective analysis

There are no major incidences of underspending or overspending on total expenditure for any of the GLA group members, although variances can still be minimised with improved monitoring and forecasting.

There is evidence of good reporting of performance to this Committee and indeed other stakeholders.

However, as with the other aspects considered in this analysis, more needs to be done in terms of linking performance with priorities and objectives.

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What others think

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What others think

- Consideration of recent polls
- Research into press / media coverage
- Analysis of Audit Commission IPA reports on all GLA Group Members

In carrying out high level analysis of what others think of the GLA group, we undertook a degree of internet research, seeking out any opinion polls in relation to GLA activities and any media coverage that was relevant.

We also considered the views of the Audit Commission as outlined in their Initial Performance Assessments (IPAs) undertaken in 2004-05, and focused on any recommendations or observations made in relation to financial management and performance.

What others think - Views

- Improved confidence in safety
- Congestion charging
- Reduced fear of crime (although still a top concern)
- Improved public transport
- Better opportunities
- Main criticism is the limited powers of the GLA and the Mayor

From articles in the media and polls into crime and fear of crime, there were a variety of views about how the GLA operates. (The topics selected were as a result of internet searches on the phrases “Mayor’s Budget”, “London Mayor”, “GLA” and “Londoners’ views”, supplemented with research into crime figures and fear of crime)

Polls showed a decrease in people’s fear of crime in London, although it remains the number one concern of most residents. They also indicated a building confidence in public safety.

There were mixed opinions on congestion charging. There are concerns about the long-term effects of the scheme on business and retail in the capital and there is opposition to the expansion of the scheme without further analysis of the impacts of the scheme as it currently exists.

There was growing approval of the quality of public transport and public opinion appears (based on articles viewed) to see more opportunities for the people of London – in terms of cultural events and economic prosperity

The main critique of the GLA as it stands is the constraints that are placed on the powers of the Mayor and the perception of complex interactions between public bodies, with no-one absolutely clear about which body provides which services and which is accountable for a particular service or activity.

This has been echoed to a certain extent by comments in the IPA reports from the Audit Commission.

What others think – Audit Commission

- Initial Performance Assessments carried out in 2004-05 for all GLA Group members
- Main findings were that 4 out of 5 were “Good”, MPA was “fair”
- Key issues highlighted included:
 - Lack of “joined up” planning across GLA Group
 - Good performance management
 - Effective scrutiny frameworks
 - Concern over capacity
 - “Patchy” allocation of resources to priorities

Looking at the IPA reports from the Audit Commission, the general thrust of the reports was that the GLA Group was operating well, with the individual group members all being classed as “good” with the exception of the MPA.

In terms of financial and performance management, the key points were a lack of coordination and planning across the group and concerns about the capacity of the organisations to deliver the ambitious objectives being set.

A further criticism was the inconsistencies in how resources were allocated to priorities and objectives and a lack of clarity around this issue.

There was also praise for effective scrutiny, both inside the organisations themselves and the Assembly as well as a view that performance management was generally good (although there is always room for improvement).

The next slides highlight the issues raised in the IPA reports for the individual GLA group members...

IPA reports - MPA

- Legacy of poor financial management within MPS
- Things have improved
- Good performance management
- Lack of corporate leadership
- Need for better planning and “joined up” thinking



IPA reports - LFEPA

- Unclear priorities
- Unrealistic / over ambitious targets
- Achieving financial savings and efficiencies
- Public satisfaction could improve
- Good focus on overall value for money

IPA reports - LDA

- Clear priorities (soundly based and adequately resourced)
- Met or exceeded targets (for 2003-04)
- Joined-up activities could improve
- High levels of staff turnover
- Performance and financial management could be better
- Capacity is an issue



IPA reports - GLA

- Good use of partnerships
- Robust financial management
- Prioritisation could be more coherent
- Sometimes seen as a slow bureaucratic, complex organisation
- Better outcome / success measures needed
- Concerns over capacity
- More cross-cutting issues and joined up working needed

IPA reports - TfL

- Good financial planning (use of scenarios)
- Capacity issues
- Effective use of consultants (the added value of making use of such external support)
- Good levels of performance/contract monitoring
- Scrutiny programme not clearly aligned with TfL plans and Mayor's Transport Strategy
- Strategic Transport Authority role needs to improve



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Impact of the Budget Committee

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Impact of the Budget Committee

- Scrutiny of Mayor's Consultation Budget
- Review of financial and performance monitoring on a quarterly basis
- Assessment of ongoing concerns raised by the Committee
- Improvements / changes to role

The role of the Budget Committee is outlined in this slide and the execution of these functions should be of clear benefit to the GLA group in terms of providing effective scrutiny for financial matters.

Part of our analysis included looking at what impact the Committee has had on shaping and influencing GLA budgets and financial performance and reporting.

Impact of the Budget Committee

- Ongoing themes:
 - Timing of consultation
 - Funding routes (alternatives to Council Tax precepts)
 - Taking account of overspends e.g. on Police overtime
 - Improved reporting of financial and performance information
 - Clearer, planned allocations of budgets
 - Taking account of underspends when planning budgets
 - Inclusion of priority-led budgeting

Common themes that have been raised by the Committee in its annual response to the Mayor's Consultation budget have occurred on more than one occasion, including the issues outlined above.

Some "inwardly facing" and procedural issues have been addressed including timings and improvements in reporting procedures and formats.

However, some of the other issues have continued on from year to year and it is unclear whether the views of the Committee have been acted on, to an adequate degree.

The continuing overspends on police overtime, for example have been called into question by the Committee and despite initiatives and plans to reduce the amount of overtime incurred, there are still overspends.

Other issues that have yet to materialise in the budget process include the establishment of priority led budgeting as a means of reporting plans and performance.

Impact of the Budget Committee

- Good quality debates, arguments and reports
- Good use of data, information and views of other stakeholders
- Not always listened to (hence ongoing themes)

Our assessment of the Committee and its activities is that it is playing an effective role in scrutinising financial issues and budgets, raising challenging questions and issues.

The quality of the report and analysis that the Committee receives are to be commended and there is good use made of available information and the views of experts and stakeholders.

The key concern is that the views of the Committee are not always acted on (or sometimes responded to), as borne out by themes and issues recurring from year to year.

How this issue can be addressed is unclear, unless a review of the role and powers of such scrutiny functions takes place.

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How GLA compares with others

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Comparisons – Council Tax Band D increases

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- Compared increases in Band D Council Tax impact for each of the GLA Group members
- LDA no Council Tax impact (since entirely grant funding)
- Looked at increases in Band D Council Tax for GLA precept compared with inner and outer London Boroughs
- Also compared MPA increases with other Police Authorities
- Higher increases for each year

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A key comparison between the GLA group and the London Boroughs (both inner and outer) has been to look at the relative increases in Council Tax (using Band D for consistency).

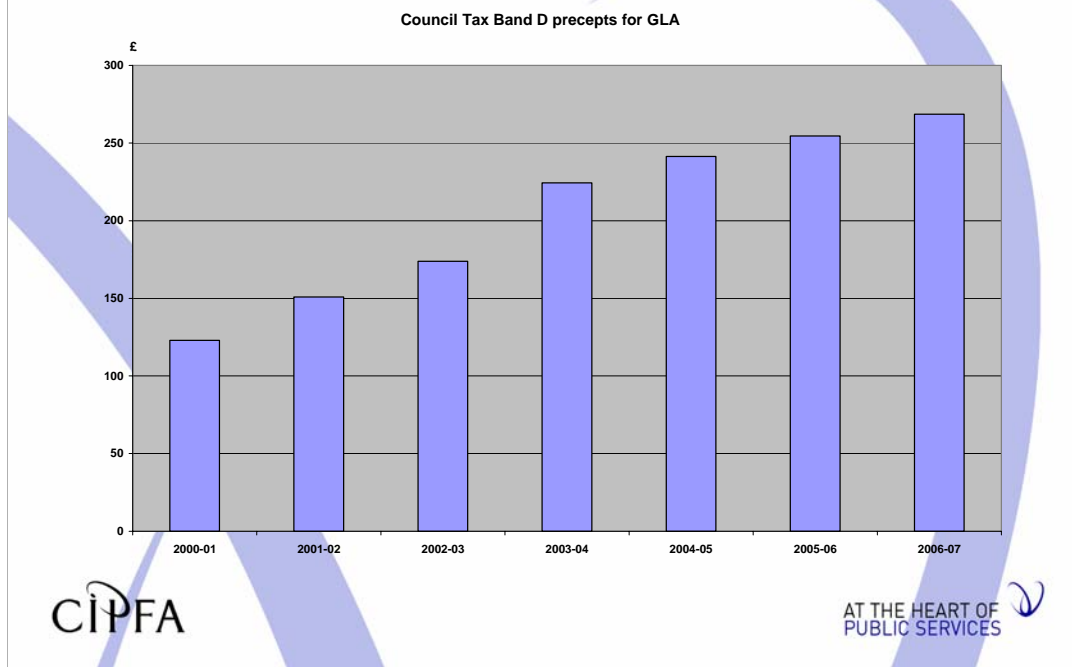
The analysis has been carried out for the GLA group members individually with the obvious exception of the LDA, since it has no budget requirement.

There has also been analysis of the increases for MPA as compared to other Police Authorities for metropolitan areas.

What the analysis shows is that whilst the patterns and trend lines for London Boroughs and the GLA group are similar, reflecting the state of Government funding amongst other factors, the increase for GLA has been consistently higher in percentage terms.

Comparisons – Band D increases

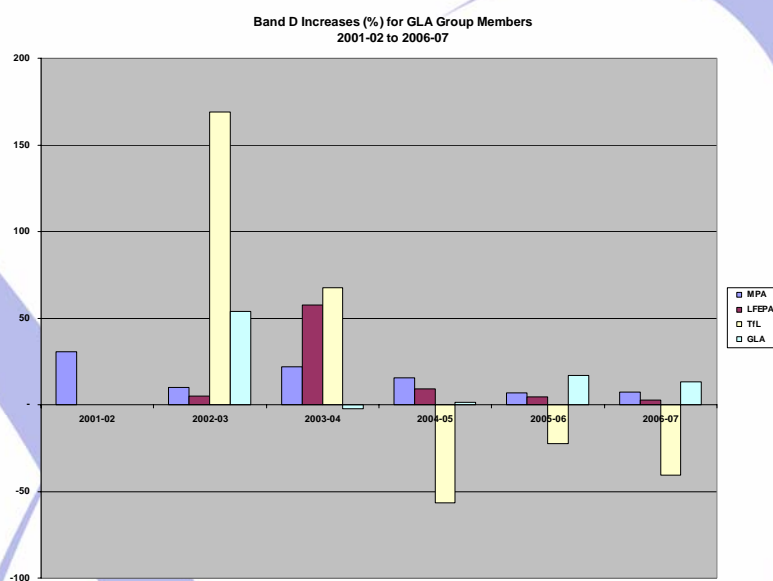
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This slide puts the GLA Council Tax increases into context, by showing how the Band D precept for the GLA group has risen since 2000-01.

Comparisons – Band D increases

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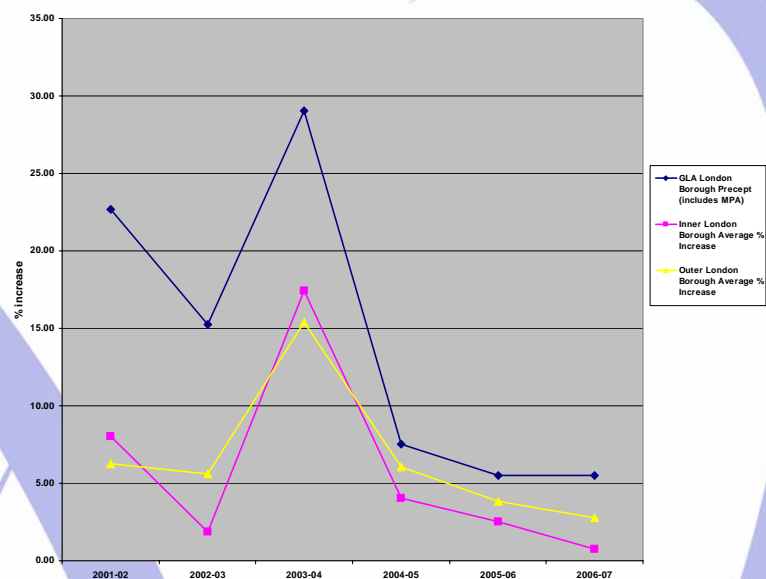
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This graph shows the individual increases in Band D Council Tax for each of the GLA Group members (and the decrease in the element for TfL in recent years).

Comparisons – Band D increases

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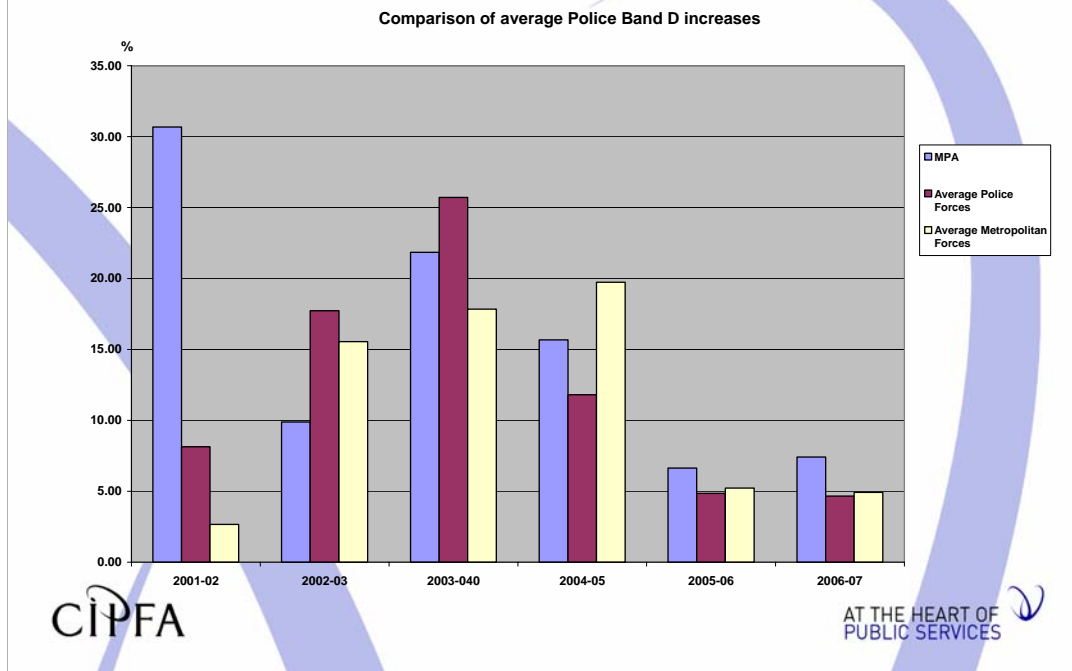
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As stated in the initial slide for this section, the shape of the graphs for GLA and the London Boroughs is almost identical. The key difference is the size of the increase in each year, with GLA being significantly higher.

Comparisons – Band D increases

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This graph shows the comparison between the Band D increases for the MPA as compared to Police Authorities overall and those forces covering metropolitan areas.

In this case, there is no distinct pattern and taken overall, the increases for MPA are not dissimilar to the increases for most police authorities although they are higher in the last two years.

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Common themes

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Common themes

- Large growth over the last 5 years
- Challenging targets and priorities set
- Indications are that performance is improving and targets are being met (or addressed)
- Difficulty in making links between growth in spend and achievement of objectives
- Lack of consistency in performance measures and in budget headings
- Too many policy objectives

Outlining the common themes, that have arisen from our analysis, it is apparent that the last five years have seen great changes for the organisations that make up the GLA group, with significant increases in activity and expenditure.

A lot of ambitious targets and objectives have been laid down and at present performance is improving and these targets are being addressed, if not met.

A key issue in virtually all aspects of our analysis has been a lack of clarity between budgets and spending and the policy objectives that have been set. This makes it hard to analyse the impact that these challenging priorities are having and also their cost-effectiveness.

Consistency is the other major concern – lack of it in policy objectives, in KPIs and in budget headings has meant that it has been hard to identify trends over the five year period.

We would also recommend a rationalisation or consolidation of the array of policy objectives to give a clear manageable number of aims for the GLA group to achieve.

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Where next?

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Where next? – some suggestions

- Improved joined-up activities
 - Pooled budgets
 - Shared services
 - Joint (or common) procurement
 - Unified debt recovery
 - Other sharing of data / information
- Recognised issue of delegation of powers across GLA Group (and Mayor) - is being addressed by Government review

To close, we would wish to make some comments and suggestions relating to improvements that could be made in the way the GLA group operates.

Looking at the potential for improving efficiency and cost-effectiveness, we would recommend an increase in joined up activities for the GLA group members to access better economies of scale and sharing of skills and resources.

This slide lists some key areas that merit further investigation, drawing on best practice from across the public sector.

However, we recognise that there is an issue around the delegation of powers across the members of the GLA group that currently prevent some of these activities from taking place and understand that the Government is currently reviewing the position. We also understand that this issue is being investigated by the Committee as a matter of course, anyway.

Where next? – some suggestions

- Priority-led budgeting and reporting (as well as functional and subjective analysis)
- Cross-group KPIs and priorities
- Development of outcome measures for activities (where possible)
- Development and monitoring of fewer indicators for regular review – “dashboard” concept

Other areas for improvement include the development of priority-led budgeting for all GLA group members. This should be achievable for the organisations, since most financial information and performance management systems can allow for more than one “view” to be presented – just as financial performance is currently reported on both a service and a subjective basis now.

An example of priority-led budgeting would be to allocate budgets to the objective such as safer public transport and so would amalgamate spending from across the GLA group members on this area, as well as develop specific performance measures to assess its impact.

This would allow better assessment as to the effectiveness and impact of the policy objectives and their associated spend.

More cross-group performance measures can be developed and reported, particularly in common areas such as sustainability, diversity and customer satisfaction.

Measure other than KPIs can also be better utilised, with the development of outcome measures where possible to more fully analyse the effect that GLA activities are having on the people of London.

What we would also recommend is for the GLA group members to continue to produce and monitor their current levels of performance measures, but to also identify “critical” performance measures that can be reported more frequently to the Committee to act as a series of “dashboard indicators” allowing you to quickly assess the health and performance of the organisations and the group as a whole. Further performance information would still be readily available for more in-depth examination as required.

Where next? – some suggestions

- Better consistency in budgeting and reporting (common bases and terms)
- Try to maintain measures and priorities from one year to the next!
- Better analysis of trends – establish a clear track record for GLA success

Looking forward, maintaining consistency in performance measures, budget headings and policy objectives (or areas) will be essential to allow robust analysis of trends and better reporting on the effectiveness of initiatives.

This will ensure it is possible to determine the progress of the GLA group in working to improve the lives of those who live in, work in or visit London.

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Any questions?

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