

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2091

Title: Mayoral component budget 2017-18

Executive Summary:

The Mayor's approval is sought for his component budget for 2017-18.

Decision:

That the Mayor approves:

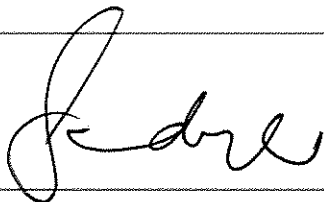
- (i) The revenue budget for 2017-18 as at Appendix A to this decision form;
- (ii) The revenue programmes for 2017-18 as at Appendix B to this decision form; and
- (iii) The capital programmes for 2017-18 as at Appendix C to this decision form.

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:

22/3/17

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

Decision required – supporting report

1. Mayoral component budget 2017-18

Background

- 1.1 The budget for 2017-18 is being agreed by the Mayor in March 2017 via this decision form – having first been considered by the London Assembly in three draft forms (November 2016, January 2017 and February 2017) – so that it is in place before the beginning of the 2017-18 financial year on 1 April 2017 and so that the accompanying detailed budgets at unit level can be communicated to budget holders accordingly. The Assembly is expected to approve the allocation of its budget on 30 March 2017.
- 1.2 All budget holders will be expected to sign off their budget allocation in April 2017. This is so that there is a record of budget holders affirming the level of resources allocated to them and agreeing to monitor spend against budget during the financial year.

Mayoral component budget 2017-18

- 1.3 The budget proposals support the Mayor's ambition to further London's success, entrepreneurial spirit, thriving economy, extraordinary diversity and creativity, tolerance and openness to the world. It also aims to address the huge challenges and strain this success has brought in areas like housing, health, education and the environment, the increasing social inequalities and growing risks of economic exclusion which many Londoners face. The budget is built around the vision of a London where no community feels left behind and where everyone has the opportunities they need to fulfil their potential. Budget provision has been made for the following:
- New strategies will be developed, including a new London Plan and a transport strategy, to shape London's long-term future in a way that works for all Londoners, boosting the provision of genuinely affordable housing, better connecting Londoners with employment and social opportunities, making the capital greener, healthier and safer, helping local businesses grow and succeed;
 - The GLA will increase investment in housing, which for decades has failed to keep up with demand and left many Londoners priced out or in conditions of overcrowding. The budget will accelerate development on GLA, TfL and public sector land; incentivise the building industry to do more and importantly to ensure a range of genuinely affordable homes are built, including social rent, London Living Rent and shared ownership, working towards a long-term strategic target of half of all new homes being genuinely affordable;
 - New and refocused projects will promote and enhance London's economic strengths, work to preserve its competitiveness in spite of the uncertainties linked to the UK's relationships with the EU, whilst increasing opportunities for all Londoners to participate, regardless of their age, gender or background;
 - Funding is allocated to kick-start a number of brand new programmes and initiatives to tackle social integration, address inequalities and support more vulnerable people and communities across London. These priorities cut across all our areas of work, from tech skills for young Londoners to Early Years interventions in health and education, from community engagement in culture, events and in policy-making to the provision of specialised housing for older, disabled or homeless people; and
 - Additional investment is also provided to improve London's environment, so as to make air quality levels safe, to bring about more energy efficient homes and buildings and to create a greener city for all Londoners.

- 1.4 The budget has been developed in a transparent fashion with plans published in three draft forms already, as noted above. The previously presented draft budget has been updated to reflect the implications in terms of slippage and changes to the incidence of net expenditure reported in the most recent financial monitoring (the end of the third quarter of 2016-17).
- 1.5 At the cornerstone of the budget has been a commitment from the Mayor to invest £20m of growth in key programmes for 2017-18 and beyond. A detailed budget is being presented for 2017-18 via this decision form along with indicative budgets for the remaining three financial years of this Mayoral term: 2018-19, 2019-20 and 2020-21. Further details are appended:
- Appendix A – The revenue budget for 2017-18;
 - Appendix B – The revenue programmes for 2017-18;
 - Appendix C – The capital programmes for 2017-18; and
 - Appendix D – The movements on GLA reserves.
- 1.6 Some specific items and issues of interest are noted below.

Staffing

- 1.7 The additional responsibilities being devolved to the GLA and extra investment in programmes will inevitably involve a degree of growth in staffing numbers to oversee and administer the extra funds available to policy teams. Some provision has been made in the budget for extra staffing – whether it be interim or permanent – but it is too early to be precise about the total number of additional posts as there will be some work to do during 2017-18 to confirm the delivery plans for programmes and consequently what staffing might be required in the medium to long term. As requests for posts become settled, the London Assembly's GLA Oversight Committee will be consulted in a transparent fashion. The first tranche of such posts will be presented to the 30 March meeting of the Committee and cover:
- Housing & Land;
 - Environment; and
 - External Relations.

Accommodation

- 1.8 Additional staffing capacity will in turn require extra accommodation to be made available, particularly as City Hall is already heavily utilised. The GLA will therefore be letting the entire ground floor of the LFB headquarters at Union Street from April 2017. Revenue budget growth of £0.6m has been included in the base budget to cover the additional charge expected to be levied for the space. A one-off capital sum of £0.5m has also been included in the budget to cover the fit-out of the ground floor so that it is fit for purpose for the GLA. It is too early to be definitive about the total number of extra desks created as the GLA's requirements are likely to differ from the current occupant's and further work is required to decide on how best to use the additional accommodation.

Growth Deal 3

- 1.9 The Government has yet to issue a grant letter covering Growth Deal 3 and so the best current understanding of the likely allocation of the funds has been included in the capital budget. It is important to note that up to ten per cent of this capital budget might be converted into revenue funding so as to provide for the support costs likely to occur. It is premature to be certain about the revenue costs at this stage and so any such conversion will be subject to a separate Mayoral decision.

Museum of London

- 1.10 In addition to the annual revenue grant of £7.6m to the Museum of London, the base budget contains an extra £4m. This annually recurring amount is to contribute up to £70m towards the funding package for a new Museum of London to be constructed at West Smithfield by 2022. Whether some, all or none of this £4m funding will need to be spent in 2017/18 is dependent on project progress.

Savings and efficiencies

- 1.11 The GLA published a four year efficiency plan for the period 2016-17 to 2019-20 in October 2016 and published it on its website. The budget incorporates planned annual savings and efficiencies of £2.1m.

Reserves

- 1.12 The draft budget presented to the Assembly highlighted that £48.6m of general reserve balances was earmarked to create a new capital reserve. The Assembly were also informed other changes would be made to the reserves in order to:
- Identify resources that can be applied/set aside for new priorities and/or increasing financial risks (e.g. underwriting of events);
 - Rationalise the number of reserves having regard to the increased level of resources now under the Mayor's control (which means that some of reserves established to cover relatively low value risks are no longer necessary) and to changing mayoral priorities (e.g., budget carry forwards no longer required); and
 - More clearly distinguish those reserves maintained in respect of the GLA's group-wide budget and funding responsibilities from those to support the GLA's own activities and corporate risks.
- 1.13 The latest position on reserve movements, including their reallocation in line with the above objectives, is appended at Appendix D. Points to note include:
- The GLA's contribution to London's hosting of the semi-finals and final of the 2020 European Football Championships comprises £5m in 2019-20 and £5m in 2020-21, forms part of the Communities & Intelligence budget and will be met from reserves set aside for this purpose;
 - The GLA Elections programme is entirely funded from a reserve created for this purpose – it is anticipated that the 2020 GLA Elections will incur expenditure in the order of £20m;
 - An earmarked reserve of £5.8m has been created for the sport for social change programme in the period 2018-19 to 2020-21; and
 - The latest affordable housing grant is shown in its entirety in 2020-21 as the delivery timetable has yet to be determined.
- 1.14 The position on reserves will be reviewed again in the light of the financial outturn for 2016-17.

Fees and charges

- 1.15 The GLA receives income from a range of charges and these include those for the use of City Hall and Trafalgar and Parliament Squares (e.g. for functions, filming, photographic shoots, etc.), housing/planning services (e.g. planning pre-application charges) and ad hoc work requests (e.g. data management, conferences, etc., agreed on a case by case basis). The GLA scheme of fees and charges will be reviewed during 2017-18.

GLA funded capital projects

- 1.16 Further to the GLA Group capital spending plan published on 22 February 2017, GLA funded capital projects totalling £29.9m for the period 2017-18 to 2020-21 have been added to the capital budget, comprising:
- Trees and green spaces: £9.0m
 - Energy: £14.0m
 - Culture: £5.8m
 - Union Street: £0.5m (see above)
 - Studio Wayne McGregor: £0.6m (see below).

Capital loan to Studio Wayne McGregor

- 1.17 Wayne McGregor is London's most prominent international contemporary choreographer. Studio Wayne McGregor's world class dance studio at Here East in the Queen Elizabeth Olympic Park is due to open in April 2017. The total project budget for this project is £5.4m, of which 90% has been secured from the Arts Council and various trusts and foundations. The GLA will be proposing providing a capital loan of £580,000 to allow the Studio to open on time while fundraising activities continue.

Target outcomes

- 1.18 A suite of target outcomes encompassing the GLA's principal activities are being worked up in parallel to the budget process. It is intended that, following consultation with the Assembly Budget and Performance Monitoring Committee, they will be in place for quarter one 2017-18 reporting purposes.

2. Equality comments

- 2.1 Compliance with the Equality Act is an iterative process. In setting the GLA Budget, the process includes identifying and actively considering potential detrimental impacts (if any) that may arise for individual protected groups in the implementation of individual policies, programmes and projects and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken.

3. Financial comments

- 3.1 Financial issues are integral to this decision. There are areas of risk and uncertainty, particularly in respect of the GLA's group-wide responsibilities in respect of the system of business rates retention. The risks are mitigated by insurance arrangements and by the existence of appropriate reserves. Overall, following a lengthy budget development process, the estimates and budgetary provisions represent reasonable and necessary financial provisions. The level of reserves is judged prudent in the context of known future liabilities, risks and funding uncertainties and will be kept under review.

4. Legal comments

- 4.1 Section 127 of the GLA Act requires the Authority to make arrangements for the proper administration of its financial affairs. The chief finance officer has responsibility for the administration of those affairs.

Appendices and supporting papers:

- Appendix A: The GLA revenue budget for 2017-18
Appendix B: The GLA revenue programmes for 2017-18
Appendix C: The GLA capital programmes for 2017-18
Appendix D: The movements on GLA reserves

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:

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:

Tom Middleton has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

David Bellamy has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was considered by the Corporate Investment Board on 20 March 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

26.03.17

TOM MIDDLETON ON BEHALF OF MARTIN CLARKE

CHIEF OF STAFF:

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

Signature



Date

20/3/2017