

# MINUTES

**Meeting: Budget and Performance  
Committee**

**Date: Wednesday 24 November 2010**

**Time: 10.00 am**

**Place: Committee Room 5, City Hall, The  
Queen's Walk, London, SE1 2AA**

Copies of the minutes may be found at: <http://www.london.gov.uk/who-runs-london/the-london-assembly/committees/budget-performance>

**Present:**

John Biggs (Chairman)  
Mike Tuffrey (Deputy Chair)  
Gareth Bacon  
Andrew Boff  
Len Duvall  
Roger Evans  
Darren Johnson  
Murad Qureshi  
Richard Tracey

**1. Apologies for Absence and Chairman's Announcements (Item 1)**

1.1 No apologies were received for absence.

**2. Declarations of Interests (Item 2)**

2.1 **Resolved:**

**(a) That the list of memberships of functional bodies and London borough councils, as set out in the table at Item 2, be noted as personal interests; and**

- (b) **That gifts and hospitality received by Members, as set out on the Authority's gifts and hospitality register, be noted.**

### **3. Minutes (Item 3)**

3.1 The Committee received the minutes of the meeting of the Budget and Performance Committee held on 2 November 2010.

3.2 **Resolved:**

**That the minutes of the meeting of the Budget and Performance Committee held on 2 November 2010 be signed by the Chairman as a correct record.**

### **4. Summary List of Actions (Item 4)**

4.1 The Committee received the report of the Executive Director of Secretariat detailing the outstanding actions from previous meetings of the Budget and Performance Committee.

4.2 **Resolved:**

**That the outstanding actions from previous meetings of the Budget and Performance Committee be noted.**

### **5. Draft GLA budget for 2011-12 (Item 5)**

5.1 The Committee received the report of the Executive Director of Secretariat as background to the discussion.

5.2 The following invited guests were in attendance for this item:

- Leo Boland, Chief Executive, Greater London Authority (GLA);
- Sir Simon Milton, Deputy Mayor and Chief of Staff, GLA;
- Nicholas Griffin, Mayoral Advisor, Budgets and Performance, GLA; and
- Martin Clarke, Executive Director of Resources, GLA.

5.3 A transcript of the discussion is attached as **Appendix 1**.

5.4 During the course of the discussion, the Committee requested the following:

- Information about where London Development Agency (LDA) funding of GLA activities is contractually committed and so might continue to be funded through the LDA grant;
- Information about how the £18 million which had been expected next year breaks down into funding for programmes and funding for posts;

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- A summary explanation of the movements between the draft budget at this stage last year and the final agreed 10/11 budget;
- The 10/11 agreed budget figures to compare with 11/12 proposals in the directorate-level subjective analysis tables and the capital spending table; and
- An update on the progress on the 15 initiatives being undertaken by the Mayor's Office as part of the Shared Services workstream.

**5.5 Resolved:**

- (a) That the report and discussion be noted; and**
- (b) That authority be delegated to the Chairman, in consultation with the party Group Lead Members, to agree and submit the Committee's response to the initial budget proposals.**

**6. Budget and Performance Committee Work Programme 2010/11 (Item 6)**

6.1 The Committee received the report of the Executive Director of Secretariat. The Chairman advised the Committee that its meeting of 6 January 2011 had been rescheduled in order to accommodate the Mayor's change of availability and would therefore take place from 11am on 11 January 2011.

**6.2 Resolved:**

**That the Budget and Performance Committee's work programme for the remainder of 2010/11 be agreed.**

**7. Date of Next Meeting (Item 7)**

7.1 The next scheduled meeting of the Committee was to be held on 7 December 2010 at 10.00am.

**8. Any Other Business the Chairman Considers Urgent (Item 8)**

8.1 There were no items of urgent business.

**9. Close of Business**

9.1 The meeting ended at 12.01pm.

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Chairman

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Date

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**Transcript of Item 5: Draft GLA Budget for 2011/2012**

**John Biggs (Chairman):** Current topical interest is the loss of London Development Agency (LDA) funding and the dependence of the GLA budget to date on aspects of GLA performance on LDA funding. Can you tell us how confident you are that the GLA grant settlement will compensate to some extent the loss of LDA funding?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I do not think you can be confident. There are known unknowns at the moment, one of which is the GLA grant. The second is the LDA grant. The third is the Decentralisation and Localism Bill. All of those will have an effect on each other in determining what resources will ultimately be available. Essentially, we will have to prioritise what we can deliver once we know the outcome of the Government's comprehensive spending review (CSR) in terms of grant levels, and we do not know that yet.

**John Biggs (Chairman):** So Annex B to your draft budget lists £18 million worth of LDA funding for various activities in City Hall. One assumes that is an accurate record of funding. There are a number of jobs dependant on that as well, although clearly not all 108 jobs listed against those different projects. We do not want to get into a detailed description of all these individual projects but can you highlight areas where we should be less concerned because there is security about funding in those areas?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I do not think I can. As I said, we will have to reprioritise what we do once we know what our ultimate budgets are. Some of these things are contractually committed so we need to examine those contracts and decide, in due course, in whatever new circumstances we find ourselves, whether we would wish to continue with the same set of priorities. That is just normal prudent business.

**John Biggs (Chairman):** Would you accept there is a distinction between things which are contractually committed - obviously this is the case of course so you can merely say yes - and those which are Mayoral directions or commitments where an expectation may have been created within London's orbit but which Government does not really have any contractual or other obligation towards supporting?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** You have answered the question yourself: yes.

**John Biggs (Chairman):** Can you tell us a bit about the conversations that you might be having then to try to clarify this issue? You are saying there is a Decentralisation and Localism Bill which will, among other things we assume, give GLA in City Hall the powers previously vested in the LDA. One would assume that with responsibilities comes resources in some shape or form. Can you clarify your understanding of the state of debate on that?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** The Government has a policy of not giving local authorities unfunded burdens and so we would be expecting that, if we are given new responsibilities, there should be funding to go with them. You will recall, when I was invited to attend the Assembly's Plenary meeting a couple of weeks ago, I referred to a statement from the Treasury about the fact that the GLA would be getting an economic

development pot. We still do not know how large that pot is. We are in active and detailed discussions with Treasury officials and other departmental officials to try to provide them with as much information as they need to help us to reach that point.

That really is as much as we can say at the moment. Discussions are still going on and they are detailed. We obviously hope that the Government will be in a position, as quickly as possible, to remove the uncertainty so we know exactly what we are dealing with and we can get on with the job of prioritising and deciding if we can afford to do everything that we would like to do - the answer will almost certainly be no - and therefore deciding which projects have to either be reconfigured or, in some cases, stopped.

**John Biggs (Chairman):** Can you perhaps help us in understanding what the base line is? Maybe some of the officers will be able to help with this as well. We have, as I said, in the Appendix £18 million worth of activities funded by the LDA but they are simply projects or initiatives that - if convenient or for whatever reason - were funded through the GLA through City Hall using LDA funding. Clearly, when the LDA folds, there will be other things that people might have got used to happening or be expecting to be happening which will pass over to City Hall as well. There must be a process by which the Mayor's Office and others are prioritising what they think it will be desirable to continue doing and there must be some idea of the level of resources that would be desirable to facilitate those things happening. Can you give us any clarification on any aspect of that?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I am not trying to be evasive here. You are absolutely right in saying that there will be a process to prioritise and that is what we are working on at the moment. It is very hard to prioritise when you do not know the envelope within which you are prioritising. We are, at the moment, having to work on a basis of a traffic light system of green, amber and red priorities. That is probably as detailed as we can go. Depending on where the funding envelope is we will move the bar up or down to take in fewer or more projects.

**John Biggs (Chairman):** I am sure your thinking is bit more detailed than that and you are being a little bit coy with us. Let us pick one issue which would be about tourist promotion and inward investment which is somewhat topical. We know that the business lobby in London has been quite active on this and said that it is pretty stupid, in its view, for funding cuts to mean that that type of activity was no longer supported. Would I be right in assuming that, in your conversations, you are highlighting the need to continue to support tourism promotion and inward investment?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Absolutely, that is one of the highest priorities.

**John Biggs (Chairman):** OK, that points towards a ballpark figure of the order of £20 million a year, I guess, simply to support those activities.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** That is in line with the figures we have put to Government, yes.

**John Biggs (Chairman):** Similarly, there are various Olympic-type activities which are funded through City Hall and one would assume that they are a priority - although I read somewhere there might be an understanding that they would be funded from within the £9.3 billion Olympic budget. Are you clear on that?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** This is where the pieces start moving around the chessboard because there are things that are priorities that we want to happen and then there are pots of money from which they could be funded. If you are talking about Olympic projects, there are Olympic contingency budgets around Whitehall that, in our view, should be deployed to fund those aspects of the Mayor's Olympics commitments because that would still be within the £9.3 billion.

**John Biggs (Chairman):** We will come on to issues such as climate change and so on later where we can flesh them out.

**Andrew Boff (AM):** On the LDA, do you see yourself as taking on all the functions of the LDA as they currently are? Do you see any functions that you may consider passing off to another agency or, indeed, the boroughs? How does that feature in your anticipation of the kind of budget that we are going to see?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** The known unknown I referred to earlier was the Decentralisation and Localism Bill and this is what will help define which things that were previously LDA functions the GLA should carry on. I would anticipate that that would include things like promotion, regeneration and climate change activities. It is questionable whether it will include things like business support or skills because my understanding is that the Government is looking to see those kinds of services and programmes delivered quite differently in the future.

**Andrew Boff (AM):** Irrespective of whether or not there is a statutory requirement for certain functions of the LDA to be passed off to other agencies. Is there an aspiration that the administration has to do that itself? Even if you are not told you have to would you pass some functions to boroughs anyway?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I understand the point you are making. We support the concept of double devolution. That was part of the discussion that we have had with Government over the Decentralisation and Localism Bill. Ultimately, most of the answers to your questions will depend on what budgets and pots of money are available and if there is not much money there is not a lot to pass on.

**Andrew Boff (AM):** It is driven by the budget, not any philosophical ...

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I said that we believe in the concept of double devolution. The reality of what that means in practice will be absolutely determined by what budgets are available.

**John Biggs (Chairman):** The economic development power - if that is what it is to be called in the Decentralisation and Localism Bill - is a permissive power and, within that, you can do as much or as little. You could promote something as large as the Olympics or as small as a thimble collection, or something.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** That is right.

**John Biggs (Chairman):** You need to have a concept of what your vision is and what you want to achieve. I assume the Economic Development Strategy is the driver for that?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** It is about how you achieve economic growth and above trend growth in London.

**John Biggs (Chairman):** The London Homes and Communities Agency (HCA) merger into City Hall forms part of this. Insofar as the LDA brings resources with it and the HCA brings resources with it. There is a single unit created - which is HCLDA or whatever you want to call it - and the combined resources of that body will be the economic and housing resources for City Hall. Is that the way to look at it?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I would term it houses and regeneration. That is right. Again, sorry to be a broken record, but the quantum of budget is very important because it would appear that the CSR settlement, as far as the HCA is concerned, would mean that the next two years are essentially delivering already contracted commitments, so there is not going to be a lot of free money to make decisions about during the first two years of the settlement.

**John Biggs (Chairman):** If there is no money and, additionally, the legislation will not be in place yet, you could not raid the HCA money to spend it on --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** That is right. We are talking, legally in the constitution, about post-2012 but there is an agreement with the HCA that we would develop arrangements which shadowed the eventual post-2012 settlement. We would be operating as if we were having a single internal organisation.

**John Biggs (Chairman):** If I was you, I might be looking to the Government for something that might be called a transitional or a damping relief that would help the particular contortions that the GLA has to go through because of all these changes which are unique to the GLA and does not affect other local councils in quite the same way. That might be a wheeze, if you like, that allows you and the Government to mutually benefit from --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** You are right. There are different ways in which you could achieve that. We are going to face a reduction in the GLA grant over the four year period but the profile of that and whether that could be back-loaded would help us by creating that headroom in the transitional period. That is what we are asking for.

**Mike Tuffrey (Deputy Chair):** What we are trying to do here is not do a scrutiny of the abolition of the LDA; we are trying to understand the impact on the GLA's budgets for this coming year. It is clear now that the luxury of an orderly transition into a new regime does not apply because the abolition, essentially, has been brought forward a year by moving to the contractual commitments. It seems to us that you do need to be very actively planning for what next year needs to look like given this prize of the integration of housing, regeneration and, arguably, some links across to skills and these whole other areas.

While you do not know the total, you surely are prioritising. You have already said, for example, that funds to London Zoo are a luxury - to put it in your own words - that cannot be currently avoided. So there must be some sense of prioritisation and there must be some sense of thinking that things that are currently being funded by the LDA need to come across and still be funded and that, therefore, logically means, if the total is not big enough, things that are currently funded here will have to stop. There must be some sort of - if you have not then you are grossly negligent, so I am sure you are doing this - prioritising what needs to be done next year and what does not. Please tell us a little bit more about that process which I can only presume is going on?



**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes, it is going on. Essentially it is looking at all of the programmes and activities that we are doing and trying to come to groupings of priorities and, depending on the budget available, fewer or more things will make it into the “will be delivered category”. Ultimately the decision on those priorities will be for the Mayor. None of us in the Mayor’s office can take that decision; we are not the democratically accountable people in this exercise. What we are doing is making sure that the Mayor has available to him all of the information that he needs on these projects and what alternative sources of funding there may be because it may not necessarily be the case that everything has to be funded through public sector money. Then he will be in a position to take those decisions and obviously will justify them to you, the Assembly, through Mayor’s Questions and all of the other scrutiny procedures that are available.

**Mike Tuffrey (Deputy Chair):** Part of the funding is possibly from an additional precept for economic development, because you could do that presently; it does not need a Decentralisation and Localism Bill to do that. So is on the list of things you are putting to the Mayor not just the prioritisation of what we want to go on doing and what we do not and how do we fund that, but a precept for next year to pay for this activity?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Absolutely. If you try to look across-the-piece at the potential buckets of money that might exist there is money that might come from the Government on an economic development budget. There is the GLA grant, there is money that you might be able to raise through partnerships and sponsorship, there is the precept, there is prudential borrowing and there is headroom that you might create by stopping things that the GLA is currently doing. All of these buckets will be looked at and are being looked at in order to match against the list of priorities that we would like to deliver.

**Mike Tuffrey (Deputy Chair):** The timing then for that is what: over Christmas essentially, once we get an indication in early December?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes, I do not know if Leo [Boland] or Martin [Clarke] can tell us when we are expecting the GLA grant announcement. The LDA grant does not have to be in the same announcement; generally it is not. We expect between now and Christmas for the fog to clear.

**Leo Boland (Chief Executive):** We have no definite date on that. We are told early December 2010 on the local government settlement and we are assuming the GLA settlement will be declared on the same day. It is not the same settlement.

**Mike Tuffrey (Deputy Chair):** There are 108 posts in here that are funded by LDA money that has now got a very big question mark against it. Looking at that, some of those might well be lower down Simon’s [Milton] list of priorities.

**Leo Boland (Chief Executive):** As Simon has said, there will be a prioritisation across the board, so you cannot simply read off from this which jobs may be at risk because, if there is headroom required in the rest of the GLA, some other posts may be at risk.

The phasing is going to be: we find out what the money is, the Mayor makes a policy direction and we will read off from that the organisational imperatives that fall out of those policy decisions. Of course we are preparing all of the detail so that we know, whatever the policy priorities are, how that will affect the organisation.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Can I make one point of clarification, Mike, because your question has confirmed a concern I had when I saw this table in that it could be misunderstood? The list of posts here are the posts in that department. That department happens to be delivering the projects in the left hand box. It does not mean that those are the number of posts needed for that project.

The 108 posts you mentioned are all of the staff working in those areas of the GLA, not the staff specifically delivering those LDA funded projects.

**Mike Tuffrey (Deputy Chair):** OK. You are saying the 108 does not include --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** They are not all funded by the LDA.

**John Biggs (Chairman):** It could be that some of this is simply passported somewhere else.

**Mike Tuffrey (Deputy Chair):** Whatever the number, there are clearly not just those posts that are directly - whatever the number - funded but, if we are doing a wider prioritisation, then there are other posts under threat. My concern about the timing was, if there are redundancies in question then you have to have your lines of consultation and so forth. You have to go through all the procedures. That affects the timing as well. What considerations have been given, once the prioritisation has been done and once the funding has been assessed, to then turn that into an assessment of the number of posts needed?

**Leo Boland (Chief Executive):** Again, it hangs on when you need the money from that exercise. Do you need it to make the 2011/12 budget, possibly you will not. It may be that we will have a longer period in which to do that. Again, it all depends on the settlement. If we get, as Simon has suggested, a front-loaded settlement and if we get money next year that is, essentially, a one off to support the LDA, that all makes it easier to make this year's budget, and then takes some months to have then a forward plan that will take us through the next three years.

**Mike Tuffrey (Deputy Chair):** That is the optimistic scenario. The pessimistic scenario is the money is not there and, thus, the process needs to start. Otherwise next year's budget is under threat

**Leo Boland (Chief Executive):** My guess would be that it would not be in the region of - it is just a guess - a 90 day notice. I think it will be beneath that.

**John Biggs (Chairman):** In addition to the £18 million there are a number of other activities which you would expect to continue and which will have to be funded in some way, such as tourist promotion, inward investment, Olympic activities and other things which Simon is being coy about but we could go through the LDA schedule of activities and find out I am sure.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** There are lots of activities that we would like to continue. The issue may be the level at which we continue them, rather than whether we continue them at all. We will have to have smaller programme budgets in some areas that we may have had previously.

**John Biggs (Chairman):** About three months ago we saw a draft budget for next year's LDA which anticipated something over £100 million to continue with its activities. That includes the £58 million which the Government had indicatively suggested it might get. There is a gap of about £50 million or so for very modest aspirations.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I have been looking at so many figures over the last few weeks there is a risk of confusing myself, let alone confusing you. You can deliver programmes to any particular budget that you have; you cut your cloth accordingly.

**Darren Johnson (AM):** In spite of the lack of funding now for the LDA we are still, effectively, looking at a merger between the GLA and the LDA. Can you assure us that, in terms of priorities, you are looking at all of the priorities of both sets of organisations in the round as a single exercise?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes, I can give you that assurance.

**Darren Johnson (AM):** Good. We would not want a situation where we were seeing some minor tweaks to the GLA budget whilst there was some major cutting of the previous LDA budget.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes, the way that the Mayor views this thing is that this is all part of his Mayoralty and, therefore, he does not distinguish between something being funded from the GLA or the LDA. He has priorities that he wants delivered.

**Darren Johnson (AM):** Good. So there will be no distinction between priorities of the former LDA and priorities of the GLA? You will be looking at both sets of programmes in the round and reprioritising --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** We only ever talk about the Mayoral priorities.

**Darren Johnson (AM):** Will that mean, for example, that those LDA climate change programmes - which the Mayor had previously said were a key priority for him - will be delivered at least in part through City Hall?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** If the budget is there, yes. What will happen is that all of these things will be measured against each other and we will take forward the things that the Mayor is very adamant that must continue. It may be at a different level of activity than was the case in previous years' spending round.

**Darren Johnson (AM):** Are you getting any inklings that the climate change programmes - the home insulation programme for example - are one of the things that the Mayor is adamant will continue?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** He is very anxious that the RE:NEW programme should continue. The RE:NEW programme is one of the more challenging ones from a funding point of view because, unlike some of the other programmes, there is not really much alternative for slugs of public cash. Some of the other programmes there are alternative funding sources for - the Joint European Support for Sustainable Investment in City Areas (JESSICA) or things like that - so we can do things like the district energy in a different way. There is not really, from what I can see at the moment, much alternative to the traditional way of funding RE:NEW, unless the Government is going to come up with something quite radical which, of course, may still be the case. It is something that the Mayor wishes to continue. Whether we will be able to do it at the same scale as previously is one of the things that will be determined by an eventual settlement.

**John Biggs (Chairman):** You must have given an indicative position to the Government - which must be confidential - of what you would like to have in order to carry on the activities. You have made various arguments about transitional schemes of funding which might help you to get through a difficult year until you have more certainty in a future year. You have looked at the possibility of prudential borrowing you said, although, just to check, that should only be for capital prudential borrowing, so it would not be for running costs, although you can jiggle funds around as they say, I suppose. That may help you to use that for a one off. You are looking, also, at using the precept for the first time in the eleventh budget year. The precept has never been used for LDA type activities. The precept may be used next year for some LDA-type activities.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** There is an interesting twist on the precept here because the Government is proposing to give precepting authorities, of which we are one, a financial settlement in order not to increase the precept. One of the judgements the Mayor will be taking is whether he will accept the Government money for not raising the precept or raising the precept even higher to achieve more. Whichever --

**John Biggs (Chairman):** The Government money is a 2.5% increase?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes. Whichever way one looks at it there will be a pot of money there which is one of the buckets I mentioned earlier. We might get that money by not raising the precept.

**Gareth Bacon (AM):** You mentioned, Simon, not unreasonably, that there are too many unknowns really for programmes for 2012/13 and 2013/14 to be included in the draft budget at the moment, in terms of efficiencies. To what extent then is 2011/12 being used almost as a holding year - a transitional year I suppose - before the unknowns become knowns and longer term reorganisation has taken place for future years?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** You have characterised it pretty well. Next year is about keeping things going in order to have enough time to evaluate what the most sensible long term planning would be.

I do not think we are the only public authority in that position.

**Gareth Bacon (AM):** The Chairman touched on negotiations that may be going on - or almost certainly are going on - between this building and the Government and the horse trading that may go on within that. When the grant allocation is announced, what scale of savings requirements would call for immediate change of approach, rather than the salami slicing that you are doing for this year? What will trigger a more strategic overhaul of what we do and how we do it?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** We have already, in the last two years, had quite a significant strategic overhaul of the Authority in terms of Organising for Delivery and in terms of the restructuring that has gone on. I do not think any of us want to spend all of our time in this building involved in restructurings because all that does is prevent you getting on with providing the kind of activities and programmes that the public expects from us. Of course, if we find ourselves in a dramatically different funding scenario there will be, again, the need for some more fundamental re-evaluation. We do not shy away from that but it is not something that we are currently planning to do.

**Gareth Bacon (AM):** OK, it is not beyond the realms of possibility that the funding settlement could be awful. The 2.5%, the equivalent of not raising the precept, I believe, is about £23 million, isn't it?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Something like that. It is in that ballpark.

**Gareth Bacon (AM):** The Mayor gave an understandably straight bat answer to a written question that I put at the last Mayor's Question Time about whether that money would be used to plug the gap for a year or so. Has any of that been earmarked to do that; to plug the gap?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Nothing is earmarked yet because, as I say, it is too early, but that is one of the buckets of money that we will be using to fund whatever the ongoing priorities are determined eventually to be.

**Gareth Bacon (AM):** Looking through the list of potential savings in Annex A of the draft report a lot of it is simply shaving bits off the programmes here and there which is what you would always do in the first instance I would think. When Nick Griffin came to a previous Committee he mentioned, and I am quoting, "The danger when you look at percentages is that you look at salami slicing where you shave bits off. I am interested in doing things radically differently but we must look at what is the necessary service that you have to deliver. I do not think it necessarily has to be less for less". I do not imagine that you are going to wait entirely until you know what the future funding settlements are going to be before you start considering options. What are the more radical options that are being considered at the moment?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I would invite to comment on the work that he is doing in terms of the Shared Services agenda but there is, clearly, a lot that we are looking at in terms of all the functional bodies and how we could work differently to free up more resources for the front line.

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** At the last Committee that I came to back in July 2010 we had just launched the Shared Services agenda and that was pre the plans for devolution. Of course devolution leads us towards a more rapid implementation of some of those shared services because, if we are bringing in HCA, LDA and other bodies, then we have got the opportunity of looking at some of the back office functions that support them, even though they will be reduced, and look at how we share those services immediately. That accelerates that programme and will realign some savings in the shorter term.

**Gareth Bacon (AM):** Are you looking at anything more radical than that? What I am interested in is how far you can go with shavings bit off budgets before you really are in the stage where you have to make a more fundamental overhaul about what we do?

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** Again, it comes back to how much we have got to play with in terms of the buckets of money that Simon has talked about. The Shared Services agenda is something that is ongoing now and will deliver some substantial benefits. Some of those will take some time to actually put in place. There are something like 15 initiatives we have got underway now that look at various different aspects of our organisation and some of the functions in it. Those are the sorts of things that are different. That is a different agenda to just salami slicing the budget. That is looking at how we organise ourselves and how we deliver our services.

**Gareth Bacon (AM):** Longer term that is absolutely going to have to be the way it is done isn't it? You will not be able to salami slice for three or four years that the CSR implies because it is just too big a saving isn't it?

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** Again, it depends on the loading as well through the years and when we have to do that. I regard the shared service agenda as good housekeeping. It is something that we should be doing in any case, regardless of the discussion we are having now about budgets. It is something that we could benefit from in any event. We can either ramp up the appetite to do that and be more challenging about the areas that we could share, depending perhaps on the results we get from the funding settlements.

**Gareth Bacon (AM):** The Organising for Delivery changes saved £3.7 million and we saw staff numbers were reduced by 81 to September 2009, but the staffing has gone back up from 581 then to 623 as of September this year. Can we expect an Organising for Delivery 2 at any stage where we reduce by a greater number?

**Leo Boland (Chief Executive):** Some of those rises are one off so, for the Olympics, the Olympics is in there. Another chunk of that was a redirection of Mayoral priorities towards community safety. Most of the rest of the increases are because of the economic situation because turnover is now at an historic low. I have never known a turnover in any organisation I have worked in that is so low. So that is keeping the headcount up. Some of the increases - we are reporting on this post by post to the Business Management and Administration Committee (BMAC) next week - are short-term posts that are externally funded. It is a mixture. Basically, the structure that we set up and the size that we set up in Organising for Delivery is pretty much intact. We have not changed any of the silos.

Also, when we are looking at a new world, whenever that comes in - and we must remember that we have to get through the Olympics and we have to get through the 2012 elections so we need to be staffed up for those - we will have to have a look at the overall organisation sometime in the next 12/18 months, two years. We will clearly have to look at management costs, we will have to look at administration costs and we will have to look at the costs of the services that Martin's [Clarke] directorate supports. Until we know the money and until we know the policy direction it is difficult to bring forward proposals in that area.

**Gareth Bacon (AM):** That is understood. The 42 that have been hired in the last 12 months, are these people then on fixed-term contracts, bearing in mind it is Olympics and --

**Leo Boland (Chief Executive):** It is quite a mixture. As I say, we have got a chart that is being reported to BMAC next week in which all of those details are in and I can supply that to you.

**Gareth Bacon (AM):** That would be fine. Thank you.

**John Biggs (Chairman):** We are going to come back to Organising for Delivery. Just to pick up one point. You were suggesting that part of the reason we have 42 more staff is that people are not leaving quickly enough?

**Leo Boland (Chief Executive):** Not as quickly as they historically have done. You normally have a vacancy with turnover and there is then a lag between when they are appointed. That is built into the budget, as Martin [Clarke] can tell you.

**Richard Tracey (AM):** Can I ask you one fundamental question. When the GLA was created the legislation - and indeed the speeches in the Commons at the time - made it clear that it was supposed to be a slimline strategic body and, indeed, nothing like the old Greater London Council (GLC) was. Do you see that the GLA is perhaps moving towards being much more of a delivery body rather than a strategic body?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** No, the GLA is a hell of a lot more slimline than it was when the current Mayor came to office.

**Richard Tracey (AM):** I would agree with that.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** We have certainly been true to the original intentions of Parliament. Inevitably, if you fold one of the Mayor's primary delivery agencies into the GLA, then you are making the GLA more hybrid. It is not our intention to have a GLA that, itself, does a lot of delivery, but rather a GLA that commissions and coordinates other agencies to delivery including external bodies, boroughs and whoever else is part of that mosaic.

**Richard Tracey (AM):** Following the model of many of the London boroughs of commissioning, as you said.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Let me use as an example, because it was the Chairman who mentioned it earlier, the issue of promoting London. We are not going to hire a lot of marketeers into the GLA with the task of promoting London. What we will do is let a contract to an agency that will have a specification to do that work for us.

**John Biggs (Chairman):** Could we ask a trickier question? The LDA comes into City Hall, are you then going to reinvent an LDA outside of City Hall to do what the previous LDA used to do, because bringing it into City Hall is meant to solve that problem? One would assume there would be some delivery within City Hall.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** That is not our intention.

**John Biggs (Chairman):** Right. There would still be a - it will be called something else - the EDA or something.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** A lot of programmes are delivered by external bodies; a lot of the climate change work and promotion etc. What will happen is that, rather than at the moment we have that being cliented and commissioned from the LDA and then people at the GLA watching what the LDA are doing, it will all be within the GLA.

**Richard Tracey (AM):** Back in July 2010 Peter Rogers [Chief Executive, LDA] said to the Committee that bringing the LDA in here would not be a GLA with bolt-ons. I think that was his phrase. You are, effectively, dealing with that point.

Apart from the LDA, which we have talked about a lot, there are a whole lot of other functions and bodies that have been proposed to be taken under the Mayor's wing: the Royal Parks and the Port of London Authority possibly in some sort of way. London Resilience. The Mayor, surely, is also bidding for greater oversight of the rail franchises in London. How is that going to be dealt with? Is this all contracting out to people?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Each of the examples you have just given has its own answers to it. For example, the Royal Parks is an agency. It is a Government arm's length agency. It exists at the moment. That will continue. All that will be different is that, instead of reporting to Ministers, it will report to the Mayor and GLA. That is pretty straightforward. As far as the Port of London Authority is concerned, we are not taking the Port of London in although we will have some rights to nominate to the Port of London Board.

London Resilience, rather than that being housed within the Government Office for London, which is disappearing, that will now be housed within the GLA. That is an example of a straightforward move. In that case, we are not taking on the existing staff of London Resilience because they are civil servants and are staying in Whitehall. We are either dealing with it through existing staff or creating a small number of additional posts. That is an example of an accretion to the GLA, but the others are not.

**Richard Tracey (AM):** Taking that one particularly, you say they would stay in Whitehall but would be overseen by us?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** No, the civil servants who were previously part of London Resilience will no longer be, but they will be returning to other posts.

**Richard Tracey (AM):** It has been suggested that London Resilience could be perfectly well looked after by the London Fire and Emergency Planning Authority (LFEPA).

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** That is one of the options.

**Leo Boland (Chief Executive):** The London Resilience team: the posts were agreed by the last BMAC. We are taking over, formally, the functions of the London Resilience team on 1 December 2010. I should stress, however, that, despite common misapprehension, that team is not an operational team in the way that LFEPA has the London Local Authority Coordination Centre team. It is a planning team and a support to the Mayor in resilience. It does not take a leading role in emergencies. Again, it is a planning function which sits quite neatly in the functions of the GLA.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** The last example that you gave was rail franchising. Again, if we were to get that, that is a function that we would expect Transport for London to absorb, rather than the GLA.

**Leo Boland (Chief Executive):** You have left out, very importantly, health which will not be dealt with in the Decentralisation and Localism Bill. There is an ongoing debate and work between London Councils, the London boroughs, the National Health Service, the Department of Health and the Mayor as to what the future for different functions of health might be in London. That is at a very early stage. That is, again, something we need to factor in to our forward planning for the next two to three years.

**John Biggs (Chairman):** Not forgetting policing as well, which will come a little later on in the current year.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Policing is changing. The Policing and Crime Bill we are expecting soon and that will mean that the Mayor is the directly elected individual as far as the new legislation is concerned.



**Len Duvall (AM):** I wanted to ask about the HCA and the transfer of staff. What is your thinking about that?

**Leo Boland (Chief Executive):** Again, we do expect that there will be staff transferring sometime on or before April 2012. We do not know how many that will be because the internal settlement and the Department for Communities and Local Government has not been announced. They are probably, in a sense, the most straightforward of all of these. The people who will come across will have sustained Government funding and they will be, at some point, GLA employees.

**John Biggs (Chairman):** Something troubles me on this. The political driver behind this change is that the leadership of these functions will move to City Hall and people who believe in city government would say that is the right thing to happen. Even if you have it delivered at arm's length by an agency somewhere out there, the brain, if you like, needs to reside in City Hall. The thinking about what happens in the future at a high level, the approval of corporate plans, business plans, the agreement of targets, the monitoring and all that sort of stuff needs to happen here. That can be streamlined. Things like pay negotiations as well. Annual settlements and so on may, in some instances, come through City Hall. Although you can streamline it and put it into some agency, which is based on the Greenwich Peninsula or something, nevertheless, there is a considerable shift of resource responsibility to City Hall as part of this. To simply say, "Don't worry, it is going to be done by an outsourced body" misses the point. Responsibility, including the responsibility for resources to some extent, under the strange British system, will come to City Hall. What am I missing in that?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I do not think that is inconsistent with what I said earlier. The question I responded to was whether the GLA was becoming a delivery body, rather than a strategic body. I do not think it necessarily is. You are absolutely right; what I described earlier as the client function and you have just called the brain is something that will be in this organisation and will have to be resourced adequately. In some cases we have some excellent existing capacity within the GLA that can be stretched into that and a lot of the cases we will need to augment that.

**John Biggs (Chairman):** You would need considerably greater client function. If you own your own house you do not have to be a bricklayer to build your own wall. You can commission someone to do it, but you do need to understand how the resources should be prioritised and plan them into your overall resource allocation and so on and so on. If we take housing as an instance, currently within City Hall we have some boffins who do housing stuff. They do housing plans and high level documents. When the HCA comes over there will have to be some additional role in City Hall which has oversight of targets and priorities and which borough will get it and which borough will not get it. There is, inexorably, a delivery function coming into City Hall and the GLA becomes, *de facto*, more of a delivery body. Would you not accept that that?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes.

**John Biggs (Chairman):** So it is not quite so straightforward.

**Darren Johnson (AM):** That is nothing to get too hung up about really is it? The main thinking should be, if no one else can do it, and London is the appropriate level to deliver something, then what is to worry about?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I would agree, but we also have to be quite rigorous in working out whether this is the right level to be doing it or whether, as Andrew was hinting at earlier, things might be better delivered and planned at a lower level.

**Leo Boland (Chief Executive):** It is not entirely alien to us as we speak. We do not deliver the New Year's events directly; we contract that out. All of the events on Trafalgar Square - the food programme, the sports programme - they are all run on that model. This strategic versus delivery dichotomy is, to an extent, a false one. The bridge is the commissioning. Commissioning is everything from deciding upon the strategy to setting the resources and ensuring that there is a delivery agent of different forms.

**Darren Johnson (AM):** For Londoners I would say they would not care whether something was strategic or direct delivery. They want to know whether it is done properly and well and that is all they care about.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** As we all know, Darren, they assume the Mayor is responsible for lots of things he is not responsible for.

**John Biggs (Chairman):** Equally, the Mayor will have to make sure that he is adequately tooled up to have leadership over those responsibilities. It would not be good enough for him to simply bumble through at Question Time saying, "We have an agency that does this". He needs to be accountable and have the skill set in City Hall to make sure that that stuff happens.

We are going to move on to a question about Organising for Delivery. Can Mr Boland tell us what thinking he is giving to making sure we have the right skill sets in City Hall to do this sort of work?

**Leo Boland (Chief Executive):** If you think about the new world that we are looking at - which Sir Simon I thought very clearly described - where there will still be money coming from the Government so let us not ignore that, but we are going to have to look at using the markets more, we are going to have to look more towards a commercial and private sponsorship and we are going to have to look towards influencing other parts of the public sector in ways that the Mayor would want them to.

I would argue - and I think many of my senior managers would argue - that they, again, are not skills that are unknown in City Hall. In many areas we are acting in that way. We will just have to move the skills set more towards those skills. It is not an absolute blank sheet that we have to start with again. We have many of those skills already here and we will just need to map those out and see how we can make the core confidences, particularly of the policy teams, more in those areas than they might be if they are currently managing state funded programmes.

**John Biggs (Chairman):** Do you worry at all about getting the client provider split right as part of this? That sounds a bit technical doesn't it but, given that we will be doing more from City Hall, and will be seen by the wider world to be responsible for doing more, whereas, in the past, we have done a lot more of the monitoring type work. Do you not think there is a potential problem if we get the model wrong on that?

**Leo Boland (Chief Executive):** We do do that in many areas as we speak. We will just have to make sure that, in those areas where that has not been the common mode of operation, we transfer those lessons and skills across there. Of course there are always risks in clienting and there are libraries full of how you mitigate those risks. I am very keen particularly on longstanding relationships, rather than just going to the market and getting the cheapest

version. That is an ongoing debate that we have. It will be a move of focus, rather than an establishment of an entirely new set of activities.

**Andrew Boff (AM):** The argument about strategic or delivery is probably a bit of a red herring. We have had enabling councils, the whole concept of that, since the 1980s to my memory, so there is not a huge difference in that. Is this not about the general competence of the GLA to have the right to make decisions about certain areas? It is not about strategic or delivery; it is whether or not the GLA has the competence to deliver.

**Leo Boland (Chief Executive):** Critical within that will be our intelligence capacity which is one of the great strengths of City Hall, GLA Economics and Data Management and Analysis Group which is now in the intelligence division. The great strength of any Mayor is to know, as comprehensively as possible and as quickly as possible what is going on in London. While it might be tempting to say these are fripperies in times of austerity, I think they are core to the business.

**Andrew Boff (AM):** What I am trying to get at is that it is the Mayor who has been given responsibility for it. The GLA has been given responsibility to decide its arrangements. I cannot remember the last time that all the boroughs got together and said, "We don't want this responsibility. Will you look after it for us, GLA?" Have they ever done that?

**Len Duvall (AM):** Freedom Pass. That is what they are saying at the moment aren't they?

**Gareth Bacon (AM):** Not entirely, no.

**Andrew Boff (AM):** We are talking about centralising the competence of some of these functions in City Hall, rather than devolving to the boroughs. That is what we are talking about really. That is a political decision about where power lies.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Either you believe in city government or you do not. I suspect you do not!

**Andrew Boff (AM):** You are probably barking up the wrong tree.

**Darren Johnson (AM):** The rest of us do, Simon, do not worry.

**John Biggs (Chairman):** To put it differently, obviously everyone believes in localism apart from when they do not I think.

**Mike Tuffrey (Deputy Chair):** This is taking us to an interesting debate. I am, personally, comfortable with a more activist role for the GLA: a city government. As somebody who lived through the GLC abolition, we should recognise that this does mark a shift change - not one that worries me. One of the big abolition things when the GLC was abolished was all the parks. Why was the GLC running parks? That was a borough responsibility. They were all devolved. Now we are having them back running parks again.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Not borough parks.

**Mike Tuffrey (Deputy Chair):** No, no, but Royal Parks. The GLC used to do housing. Why is the GLC doing housing? Boroughs should do housing. Now we are getting quite an activist role, when it comes through, in terms of allocating funding out. I am relaxed but it does mark a point.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** You are making a debating point in a way here, Mike. There are such huge differences between what the GLC --

**Mike Tuffrey (Deputy Chair):** I am not saying this is recreating the GLC. I am just saying it comes and goes and it is coming.

**Andrew Boff (AM):** You might think I am embarking on a philosophical debate but this has a budget impact. That is the more responsibilities you take on on a city-wide basis, the bigger the bill. It is as simple as that.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes, the fact that something was being delivered by the LDA and might in future be delivered by the GLA does not alter the overall budget.

**Roger Evans (AM):** We have touched on Organising for Delivery a little bit already. Leo, can you tell us what lessons you feel you have learned from Organising for Delivery which you can apply to plans to make the current changes?

**Leo Boland (Chief Executive):** In any organisational change the lesson you always learn is communication, communication, communication. You think that you have communicated clearly. I stood in this room on one day in May 2009 and spoke with every member of staff. Then we had one to one meetings and we had team meetings and still people were saying they were not being told enough. One of the frustrating things about this period - which I have got to say in my career is an unprecedented experience - is that we do not know anything, so it is very difficult to tell staff. As soon as this period is over I am determined that we will communicate *in excelsis* until everybody does feel as though they have been communicated with.

**Roger Evans (AM):** What about the way it was done and the results of Organising for Delivery? I am going to say something now which I never thought I would say about it which is, do you think that perhaps you were too enthusiastic and you took away too much? After all the headcount has grown back since it was done.

**Leo Boland (Chief Executive):** There is never a moment when you say that is the organisational structure and we are going to defy the world not to change, so we will not change our organisational structure. The Olympics was foreseen. The Mayor's priorities on community safety were not foreseen because they were not in place.

**Roger Evans (AM):** They were in his manifesto.

**Leo Boland (Chief Executive):** Yes, but the implications had not been worked through at that point. I think it was broadly the right thing to do for the right time. It is still delivering. We must not forget in all of this, when we are talking about making headroom within the GLA, I do not think we are luxuriously staffed here and we are delivering the current Mayor's priorities and we need to do so. Not least preparation for the Olympics. We need to bear that in mind when we are talking about radical solutions for the future.

It was broadly the right architecture. Clearly some of the details within that have changed. I do not think significantly. We have reduced quite a few posts and are, again, doing that at BMAC next week. It was broadly right.

**Roger Evans (AM):** There have been concerns amongst colleagues at BMAC over what appears to have been incremental growth since Organising for Delivery was introduced. Are you satisfied that you have got a grip over the tendency of an organisation to grow back to cover the groundworks where it has been cut? We know that happens, not just in the public sector but in large private sector organisations as well.

**Leo Boland (Chief Executive):** Certainly the proposals we have next week will produce a net reduction in the headcount. I am not aware of any major growth proposals in the pipeline.

**Roger Evans (AM):** Can I ask Simon for his take on this, as the person who relies on the staff who are to deliver your programme?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I would agree with Leo. I do not think the GLA is luxuriously staffed. We are a pretty lean organisation. It does not mean that we will not have to become even leaner in the future.

**Roger Evans (AM):** You made an interesting revelation earlier, Leo, about the turnover rate within the organisation. There is a big question behind that which is that, if that continues to be a problem, are we going to be looking at making people redundant here, as they are having to do in other local authorities and public bodies?

**Leo Boland (Chief Executive):** It will be part of the whole picture that we will have to look at once we get the resources. It may not continue. It is one factor that we have to look at in thinking about the organisational design and structure over the next two to three years. I do not see any immediate or urgent risk of that.

**John Biggs (Chairman):** The record should record that you meant compulsory redundant because a lot of people have taken redundancy from City Hall.

**Roger Evans (AM):** I did not use the word compulsory because I wanted to give the witnesses latitude to address that point.

Mr Griffin, you come from outside and you have seen this done elsewhere. What is your impression of Organising for Delivery and of the organisation here? Is it luxuriously staffed or is there room for further economies?

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** I would go along with what Leo said. Organising for Delivery does not necessarily end. It is an ongoing process. If you think about what is going to happen in the next few months the whole GLA organisation is going to look slightly different with the folding in of LDA, HCA and so on. What was a plan 18 months or so ago when OfD was first started now needs to be adjusted to reflect this new addition that we will have to the GLA. My experience is that organisations constantly have to review the use of resources and what sort of resources they are going to need because things always change.

**Roger Evans (AM):** Are you involved in this process? Has your advice been fed into --

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** Yes, I am involved in the Devolution Board that meets every two weeks and looks at how this is going to work.

**John Biggs (Chairman):** I am pretty sure the big mistake that Leo made was believing that the Mayor's office meant what it said.

**Darren Johnson (AM):** Leo, one of the reasons that we saw as an outcome from Organising for Delivery is that the number of staff over £100,000 has increased from 19 to 23 yet, at the same time, you recently ruled out a modest pay rise for the 45 lowest paid staff at City Hall. Are we seeing a pattern of a more unequal GLA?

**Leo Boland (Chief Executive):** What that number that you have quoted hides is that the overall management cost spend in this Authority went down significantly - I think it was about a third of £1 million; people over a certain grade whom you would regard as senior managers. If you remember we introduced a rank of assistant director which had not existed before. To more than compensate for that we got rid of quite a lot of heads of unit so we have got a more streamlined structure and a more rational structure, which has proved its worth. In overall terms the management costs came down.

On the question of the pay increase, the GLA has tended - it is not bound to - to go by what is happening with the local authority and national settlement. Indeed, that is what we have mirrored this year. There are no such increases in any local authority across this country.

**Darren Johnson (AM):** The Assembly took the view at BMAC that the financial implications of this were so small that it was something that was worth doing to correct a large imbalance between the highest paid and the lowest paid employee.

**Leo Boland (Chief Executive):** As I say, we think that the evaluation of those posts is correct, so we think we are paying relatively the right amount throughout the ranks. When every single employee in every local authority is not getting a pay increase, that is the right thing for the GLA as well.

**Len Duvall (AM):** It was your recommendation?

**Leo Boland (Chief Executive):** It was my decision.

**Len Duvall (AM):** You recommended it. You recommended that they should get it and then -

**Leo Boland (Chief Executive):** No.

**Len Duvall (AM):** You did not?

**Leo Boland (Chief Executive):** No, I said at the meeting that I was minded not to --

**Len Duvall (AM):** I thought you decided not to after consulting the Mayor's office.

**Leo Boland (Chief Executive):** No, no. I wrote to the trade unions --

**Len Duvall (AM):** The Mayor supported the increase then?

**Leo Boland (Chief Executive):** I wrote to the trade unions saying I was minded to give no increase to any member of staff. The unions then wrote to me, which I reported to BMAC. I am on record at BMAC of saying I was still minded not to agree any increase and at that time I had not had the consultation from the Mayor. It was my decision and I was pretty consistent throughout.

**Len Duvall (AM):** They are all your decisions. It is just how we arrive at them. That is what I am getting at.

**Leo Boland (Chief Executive):** Yes. The record shows I was pretty consistent in my line throughout.

**Len Duvall (AM):** That would be a first.

**Andrew Boff (AM):** Out of general interest what is the average pay? I just want to know what it is that the Green Party wants everybody to be paid. A time out from the 1970s when everyone came to their senses.

**Darren Johnson (AM):** As far as I know no one, certainly not me, was arguing that everyone should be paid a flat rate of pay. This was an all party decision on BMAC, Andrew, that there should be a modest increase for the lowest paid 45 staff at City Hall, not that everyone should be paid the same amount. I do not think there is anyone in this Assembly who would think that.

**Andrew Boff (AM):** I would appreciate a figure anyway to know what they are aiming at, at least.

**John Biggs (Chairman):** You would need to ask that through the Business Management and Administration Committee, rather than --

**Mike Tuffrey (Deputy Chair):** Shall we get back to our agenda? We are moving on now to look at next year's budget as it affects individual directorates. Before we do that can I ask some over arching questions about the shape of the budget? Comparing this year's draft GLA budget with last year's we do not have the future plan columns there. That makes it very difficult to see a forward picture. Can you tell us why you do not have a plan? I appreciate the plan may well change but it is a little alarming not to have a plan for future years.

**Martin Clarke (Executive Director of Resources, GLA):** At this stage, it was explained from the outset, we are focusing on 2011/12. We do not know what the funding envelope will be for the future years. If I was going to put in future years' figures at this stage they would be exactly the same as 2011/12 other than where it would vary. Incidents of election costs would vary but that would be offset by reserve movements. There are no things happening in 2012/13 or 2013/14, at this stage, that have been decided are going to be significantly different from 2011/12.

**Mike Tuffrey (Deputy Chair):** Presentationally, it is a little alarming suddenly to be missing two columns in the previous years. That will be back in then come December 2010?

**Martin Clarke (Executive Director of Resources, GLA):** Very happy to add in the figures for the following two years which will, as I say, either be the same as 2011/12, except where we do have movement, or where there have been changes in priorities --

**Mike Tuffrey (Deputy Chair):** Fine. Then it would not need to change.

**Martin Clarke (Executive Director of Resources, GLA):** Depending on the time of the settlement it might be the January 2011 period before that can be done, rather than by 15 December 2010 when the consultation document has to be issued.

**Mike Tuffrey (Deputy Chair):** OK, I have got some questions comparing last year with this year. Copies may have been circulated. First off, in relation to the current year, 2010/11, this time last year you were projecting £121 million spending: net service expenditure. In these papers that are before us today, that has gone up to £123.5 million. Why are we spending more in the current year than we were expecting to, given that we have known that we are going into a period of austerity and cuts?

**Martin Clarke (Executive Director of Resources, GLA):** There are two main factors. The major variance is elections. As explained in the report before you today, there has been slippage on election spending, what we budgeted for 2010/11 into 2011/12, so that is driving up 2011/12 costs. That is just election costs.

**Mike Tuffrey (Deputy Chair):** Sorry to interrupt. I am just looking at 2010/11 so 2010/11 was projected at £121 million and is coming out higher. I want to know why it is going up if it is election slippage into the next year?

**Martin Clarke (Executive Director of Resources, GLA):** That is the final budget that was approved for 2010/11. That is not that column. That was at this stage in November. Quite a marked difference. Net service expenditure was approved. I will need to come back to you with the comparison.

There are two main drivers driving costs up. It is moving to the elections. The other is the Olympic funding agreement which increases in line with the tax breaks. I am happy to run through it and provide an analysis --

**Mike Tuffrey (Deputy Chair):** Can I then move on to ask about the reserves because I always like to know what reserves are up to? On page 61 of our agenda paper you are projecting that the reserves by the end of this financial year - so March 2011 - are £39 million. Whereas, this time last year you were projecting £32 million. Are we sitting on lots of extra money?

**Martin Clarke (Executive Director of Resources, GLA):** Again it is not a direct comparison because this was the estimated reserve this time last year. At budget setting time there would have been a different estimate with year end reserves. The biggest two factors will be driving the change upwards, as I explained. The election spending is falling this year. The other element at the final budget setting stage in February 2009 was we were notified of a higher than expected increase in the council tax base and our share of surpluses on borough collection funds which is set aside in the precept resilience budget. Those are the factors driving it up.

**Mike Tuffrey (Deputy Chair):** From £2.2 million to £7.9 million?

**Martin Clarke (Executive Director of Resources, GLA):** Yes. The £2.2 million was put aside the year before. In February last year there was a surplus of £5.7 million and so it carries forward.

**Mike Tuffrey (Deputy Chair):** This is where it is useful to have the numbers, because - apologies to colleagues for delving into detail - I have learnt over the years, when one is looking at budgets, to see how much is in reserves - either not enough or money is being squirreled away. We seem to be carrying a higher level of reserves at this point than you were planning last year. If that goes on the question is should we not be spending those reserves, rather than making cuts?



**Sir Simon Milton (Deputy Mayor and Chief of Staff):** You can take it as read that reserves will be looked at very carefully to see how much could be taken out.

**John Biggs (Chairman):** To return to Simon Milton's previous answer, reserves may be one of the cushioning factors that helps with budget pressures?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** We will be looking at reserves right across the functional bodies in order to make our budgets balance.

**John Biggs (Chairman):** OK. For example, one might be able to jiggle precepts between functional bodies by using the reserves --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** It is one of the options that we can obviously look at.

**Gareth Bacon (AM):** On that point, Simon. Could we have an assurance that, if reserves are used to cushion changes, they will not be used for long-term ongoing revenue projects? As we all know, once you spend reserves they are gone. If you use it to fund long-term revenue service delivery then, eventually, you are going to have to stop service delivery because the money is gone.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** We take that point.

**Gareth Bacon (AM):** Thank you.

**Mike Tuffrey (Deputy Chair):** OK. The overall position in headline terms, when you strip out the election, is an apparent reduction between last year and this year. That is the headline story.

**Martin Clarke (Executive Director of Resources, GLA):** It will be. Last year the planning assumption was a 1.5% cut in grant. This time, as you know, we increased the planning subsidy.

**Mike Tuffrey (Deputy Chair):** In which case can we now move on to drill into some of the areas? Let me start with a couple that are not on our list. The private office, which I take to be the eighth floor, that says £3.4 million. If I look at last year's equivalent page, the 2011/12 number was £3.2 million. On the face of it, in an era of cuts, the private office cost is going from £3.2 million to £3.4 million.

**Martin Clarke (Executive Director of Resources, GLA):** Again, going back, the equivalent report for last year is not the starting point. The final approved budget for the Mayor's private office for 2010/11 was £3,464,000. Going forward to 2011/12 it is at £3,049,000, so there is a reduction.

**Mike Tuffrey (Deputy Chair):** This time last year it was one level. It then went up.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** No, no. Mike, you have asked a series of questions all of which have the same answer. You are basing your evaluation on a draft set of figures that was not the final budget of the Authority.

**Mike Tuffrey (Deputy Chair):** I agree. This point last year --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** If you want to decide how we have run things in the current year and the current year outturn you have to compare the expected outturn with what was the approved budget. There you will see, on the example you have just chosen of the private office, that costs have gone down. Let us be clear.

**Mike Tuffrey (Deputy Chair):** No. At this equivalent time last year your expectation was to spend £3.2 million on private office. Between this point and the final agreed budget it went up. Then, in terms of the next coming year, it will be level. That is the story.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Correct. At this point, as everyone in this room knows, we are still in a situation of uncertainty and budgets are not finalised. They are not finalised until a couple of months' time.

**Mike Tuffrey (Deputy Chair):** On the external affairs side, for example, where this time last year you were expecting, for the coming year, to be spending £5 million on external affairs, you are now saying you will spend £6.2 million. What is the story on external affairs?

**Martin Clarke (Executive Director of Resources, GLA):** Sorry to repeat but you are not comparing like with like. At this stage last year some budgets that had previously been centrally held had not been allocated under the directors. In 2009/10, for example, the programme budgets were centralised. When it came to 2010/11, between now and the budget setting time in February, there was a process that went through all the bids against the programme budget and they were allocated out to directors. External affairs, this time last year, did not include its allocation of programme budgets.

**Mike Tuffrey (Deputy Chair):** That may help colleagues who are coming on to ask some more detailed questions but that little exchange confirms the rightness of my frustration in not having columns comparing year with year on a like for like basis. It makes life very difficult for us to understand.

**Martin Clarke (Executive Director of Resources, GLA):** I am very happy to provide that information. I have had questions from your scrutiny team to have a lot of financial explanations by the end of this week so that work is in hand and can be circulated to all Members to show that analysis.

**John Biggs (Chairman):** Shall I start the ball rolling by asking about the intelligence directorate and the pressures that faces from this budget round? In particular, the Communities and Intelligence directorate being affected by LDA resources. What is your current thinking on the impact on Communities and Intelligence?

**Leo Boland (Chief Executive):** I am afraid we have to go right back up to the top, Chairman, and say, until the Mayor has made his policy priorities clear, none of the LDA facts set out in Appendix B can be read across into what happens to particular posts or even particular units. It may be, theoretically, that each one of these would be a Mayoral priority at that level and the impacts would fall elsewhere. I am afraid it is just premature to comment. There is LDA money currently going in to GLA Economics but that may survive the prioritisation exercise. Who knows?

**John Biggs (Chairman):** If we look at page 68 of our agenda papers you will see communities and intelligence, present expenditure almost £17 million, but over half of that is funded by income. Fees and charges but income is the predominant part of that. That is mainly money

from the LDA. You would be negligent in your responsibilities if you were not planning for there being no money under that heading next year.

**Leo Boland (Chief Executive):** As I say, whatever funds there are to support economic development and these activities, that may stay there following the prioritisation and the funds may have to come out somewhere else. I do not know that until the Mayor has --

**John Biggs (Chairman):** This is, therefore, a wish list, rather than a budget.

**Leo Boland (Chief Executive):** It is a forecast, as budgets always are.

**John Biggs (Chairman):** It is based on the assumption you are going to get £8 million or thereabouts from a body which will no longer have that money to give to you.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** At this stage all budgets are a forecast.

**John Biggs (Chairman):** No, no, on.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Chairman, it is not satisfactory but we are in an unprecedented situation where we are having to wait far longer than we would normally do to have an indication as to the funds available. Nobody is more frustrated by that than I am.

**John Biggs (Chairman):** I am pretty frustrated.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I said no one is more frustrated than I am.

**Darren Johnson (AM):** The Chairman is naturally frustrated, even if there is nothing to be frustrated about!

**Leo Boland (Chief Executive):** It is true, for that department's budget to balance, there has to be £7.3 million coming in from other income. Now, as Simon elegantly referred to them as buckets of money, have to be dispersed it may be, or it may not be, that some of those buckets will be used to fill that requirement. We literally do not know at this stage.

**John Biggs (Chairman):** The starting point would be to assume that you have an £18 million gap in your budget. The one that you present to us is £18 million deficient. Is that right?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** No. The starting point would be to say there is an unknown element in the budget.

**John Biggs (Chairman):** It could be that some of that is contractually committed. What thinking have you given to how you might prioritise then, or are you simply going to do whatever the Mayor suggests you should do? Your job is to interpret the Mayor's will.

**Leo Boland (Chief Executive):** The Mayor makes policy and, as I said earlier, I work through the organisational imperatives of those policy decisions.

**John Biggs (Chairman):** If he says to you you are going to do £17 million worth of activity but by the way there is only £9 million to do it with, you will not be able to do that.

**Leo Boland (Chief Executive):** No. He will make his policy decisions within the financial envelope that we are able to identify once the settlements are announced.

**John Biggs (Chairman):** Equally then, you must be doing some other things. Communities and intelligence: you could organised it differently but, at present, communities and intelligence does some of the more limited amount of economic thinking within City Hall that needs to take place. In the brave new world of no LDA, substantially more economic thinking will have to take place within City Hall. One would assume that somewhere in this there is a growth bid but I do not see that. Can you point us to the growth --

**Leo Boland (Chief Executive):** No. A growth bid would be to assume that the prioritisation had happened and that we knew what was happening with the LDA and its money. Remember we have not yet seen the Decentralisation and Localism Bill. It has not, therefore, by definition, been implemented and will not be implemented, we believe, until 2012. This is a budget that is based on the GLA as it stands.

**John Biggs (Chairman):** I thought the Mayor's office was being forward thinking and helpful in that it has issued two sets of budget guidance. We had some in the summer which was somewhat more optimistic and then, as the budget predictions became a bit less promising, you reissued guidance for functional bodies. What was your thinking then? I assume you are the invisible hand behind the Mayor's signature on the budget guidance. What was your thinking about how you should guide Leo in producing a budget?

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** As I mentioned at the last meeting that I came to, I just consider that to be a logical exercise to do when planning. That you would look at different scenarios in order to provide the basis for the discussion that you could then have about priorities. That was why we said, "Let's look at different levels of reduction so we can see what impact it might have". It is highly speculative because, until we know what it is and until you know whether you can top up or you have to reduce elsewhere, all it can be is a simple percentage reduction that says what it might look like. It was prompting discussion about where the priorities might be.

**John Biggs (Chairman):** What was the point of producing this document then?

**Leo Boland (Chief Executive):** We are statutorily required to, Chairman.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Otherwise we would not have done it.

**John Biggs (Chairman):** OK. I think I am as frustrated as you are, Mr Milton. Are there any questions about communities and intelligence beyond what I have asked?

**Darren Johnson (AM):** Yes. Development and environment: what areas are being examined in seeking to achieve the £1.8 million savings proposed?

**Martin Clarke (Executive Director of Resources, GLA):** On page 75 you have got a summary of £611,000 of savings. Over the page, on page 76, £606,000 is the current Zoo and Wetlands. The major item making up the balance is next year we no longer have to pay for an examination in public so the budget reduces by £585,000. Those three components add up to £1.8 million.

**Darren Johnson (AM):** That comes to £1.8 million with those three. In terms of environment work then, the savings here are the largest of all the directorates. Development and environment had been expecting to administer £2.7 million from the LDA funds which are now at risk as we discussed. Then the LDA's own projects are likely to be cut back, notwithstanding Simon's comments that the Mayor will be looking to protect at least some of those. If you take into account both the hit internally that Development and environment is taking in terms of savings and the hit externally in terms of the loss of LDA funding, environment is taking a real hit isn't it?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I do not think that is the case. Other departments are going to be facing reductions as well. I do not think there is a disproportionate impact on environmental programmes. It is far too early to make that assessment.

**Darren Johnson (AM):** Will you give assurances that there will not be a disproportionate impact on environmental programmes?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** No, I do not want to give any commitments at this stage because we are not yet at the point where we are making those choices. It would be quite wrong to pre-judge the Mayor's decision on what is going to continue and what is going to be reduced. It would be quite wrong to give commitments; you are just putting the squeeze on other areas of expenditure. That is not fair.

**Darren Johnson (AM):** OK. So environment could be taking a real hit, as I said, disproportionately, but we just do not know yet.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** No. We are all in the situation where public sector budgets are going to be reduced, so there are going to be reductions in spend. That is not rocket science. We will try to make sure that those reductions in expenditure are managed in such a way that the Mayor's priorities continue to be delivered.

**Len Duvall (AM):** On the contributions by the LDA to all these different departments you should be able to tell me what are the contractual commitments, what money is saved and what money you are liable to chase? Are you in a position to supply the Committee with that information?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes, I can certainly give you the contractual commitments.

**Len Duvall (AM):** If I asked you for a breakdown of external affairs, the £2.74 million, that the LDA was expected to provide for 2011/12, you could show the Committee the contractual commitments and what is the gap?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I imagine we can, yes.

**Len Duvall (AM):** The same for communities and intelligence: £9.97 million you are expecting from the LDA? For Development and environment I think it is £2.69 million. For the London 2012 unit it is £2.60 million. You did mention earlier it is not just LDA; you are looking at the Government contingencies that it has inside its departments that may be able to help some of those issues. Can you confirm that?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes.

**Len Duvall (AM):** On the proposed savings of the Mayor's office, at this stage, this is a snapshot in time. Are there any more savings that you are proposing, the £0.06 million that we are saving out of the Mayor's private office?

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** The private office budget is, predominantly, staff costs and there is very little in there that is discretionary spend.

**Len Duvall (AM):** That is your saving isn't it?

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** Yes.

**Len Duvall (AM):** I do not understand why there is a paper at BMAC where you have got a post in the Mayor's office that is going to take away from the saving. This savings figure is going to go down. Is that correct? Are you on top of this?

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** I am aware that there is a temporary post that is going to be converted to a permanent post.

**Len Duvall (AM):** It is a second member of staff - Kit Malthouse AM I think. It is debatable whether it should be the Mayor's office or should be in the communities and intelligence budget, looking at the job description, but that is for discussion at BMAC. That saving is reducing. You can report to this Committee that that saving of £0.6 million is coming down because of that post?

**Martin Clarke (Executive Director of Resources, GLA):** I do not think it will reduce the saving. I think it has been built in. The reduction is the net reduction. The estimate is the expected establishment of a private office next year. I will need to confirm that.

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** That, presumably, is because the cost is already there for the temporary staff member.

**Martin Clarke (Executive Director of Resources, GLA):** Exactly. Yes.

**Len Duvall (AM):** It is an existing post then in a temporary position.

**Nicholas Griffin (Mayoral Adviser, Budgets and Performance):** Yes.

**Martin Clarke (Executive Director of Resources, GLA):** Sorry, I have had it confirmed that it is built into the budget already. If that post did not go ahead it would increase the saving.

**John Biggs (Chairman):** This is one of the 42 posts that have bubbled up since Organising for Delivery.

**Len Duvall (AM):** Or is it 43?

**Leo Boland (Chief Executive):** Technically, it is not. That figure is from the workforce report so it is historic. It would be added to that number.

**Len Duvall (AM):** Chairman, what is running through my mind throughout this debate is this. Some of the questions we have posed you have given very reasonable answers to. When the Government presses the button and out comes the figures, are you really in a position to hit the

ground running and do what you need to do in terms of staffing and making your priorities the issues?

You said earlier on, Simon, we cannot keep going through restructuring. Organising for Delivery. I agree with the cuts you made. Not all of them. Some of them I might have. What did it really achieve? Darren rightly pointed out more people over £100,000. People on record saying look at the structure and the delivery and the nature of some of the work. We are missing some people in the middle; medium grades and lower grades. Obviously budget. The GLA has gone through. Are you in a position to tell us that you are driving it, on the administration side, and we are in a position where we minimise restructuring and take some very quick decisions that settle this organisation? Shared Services, with all due respect, 15 programmes.

You are right; it is housekeeping. It is the wheel to deliver this. I am surprised you are not in a position to show us it, to say, "This is definitely going to happen". You have been a bit coy in sharing some of that. These things should happen now in the issues that we are about to face. Once the Government presses its button, can you assure this Committee that you can deliver on all those issues? They are going to be very tough decisions and unpleasant for some individuals in this organisation. Is there a plan here because it does not really come across? I know why you have to hold back, but it does not really come across that you have this plan and that you are ready to roll with it. Can you assure us?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes. We have been working through something called the Devolution Board, for some weeks now, to anticipate all of the different scenarios that might be presented into being in a position to know how we move forward. Leo may wish to expand on that but, in an imperfect world where we lack key pieces of information, we, nevertheless, make taking the right planning steps to be in a position to respond when, as you say, the Government presses the button.

**Len Duvall (AM):** So you have sharpened up the act since we had the LDA announcement or was that the same Devolution Board that thought what Government's final decision was going to take because that was a bit of a surprise wasn't it? The issues that we are having to deal with now are issues that we did not feel we would be dealing with. You knew there was going to be a cut at the LDA; you did not anticipate it was going to be at the level it was. Are you now telling us that you are on top of that? The Devolution Board has done that? You have done some scenario planning from X back to A about what could happen in Government in terms of these negotiations that we are facing now?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** We have done the right level of planning that we could be expected to do at this stage.

**John Biggs (Chairman):** Why should we not judicially review you then for failing to comply with the legislation and provide us with a budget which is consistent with your thinking? You clearly have not bothered to do that. The budget should include your assessment of risks and the options you are looking at. You are doing that thinking but you cannot be bothered to share it with the wider public. Why not? Tell me where I am wrong on that?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Let me repeat what I said at the beginning. There are known unknowns: the GLA budget, the LDA budget and the impact of the Decentralisation and Localism Bill. We are giving you the information which we are able to give you at this stage because it is our statutory responsibility to do so, even though it is far too limited for us to have really a sensible discussion about next year's budget.

**John Biggs (Chairman):** If I was a local council - I look at their budgets occasionally in the sad life that we live - you will see they do not have their figures yet. They are waiting for December 2010. They know within tens or ones of millions what savings they need to make and they have projected on the face of those. Although you are looking for the Government to pull one or two rabbits out of hats and you have got various options to reshuffle the debt, you know roughly what the hit is going to be and you can have options based on that, but you have not presented them.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Because we do not know what the hit is going to be.

**John Biggs (Chairman):** I understand your answer but I am not convinced I accept it --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** You do not like it I know.

**John Biggs (Chairman):** It is not whether I like it or not. This is all jolly fun but it does affect peoples' lives and the good governance of our city so it is quite significant.

**Len Duvall (AM):** It is not that we do not like the answer. It is that, maybe, some of us round the table - I do not think you, as Leader of Westminster, would have accepted a level of preparation and planning to do with the annual budget process in the way that we have got before us. It is probably that experience that you have with Government; it is facing difficulty and it does not know the answers. Yet back in Westminster it is planning on various scenarios. Back in Lewisham and Greenwich they are doing the same. We cannot quite square the issue of what is so different with the GLA about some of your unknowns? Where you are, what you are planning to do, if you get X, if you get Y and where your priorities are? That is the bit we cannot square because it does not happen in local government.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** In local government I would not, in the third week of November, be having to provide information that I will not be needing to provide until the first week in March or the last week in February. That is the difference here.

**Leo Boland (Chief Executive):** Local authorities can read off, pretty accurately, from the top line announcement. This year, if you talk to borough Leaders, you will find they have a greater set of unknowns than they have ever had before.

We are consulting you on the GLA budget. We are not consulting you, at this stage, on the LDA budget. We believe that this is a budget which will allow --

**Len Duvall (AM):** Sorry to interrupt. We have been told, in other meetings and in this one, that part of the negotiations on the grant on the GLA we are trying to claw back some extra money around the LDA. Simon Milton has reported that at the Plenary meeting; it is wrapped up. The additional monies that you are seeking from Government that we lost are part of some of those negotiations you are trying to either seek extra or trying to get a better deal aren't they?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I would be surprised if the LDA money was made up by increasing the GLA grant. Leo is strictly correct; this is a GLA budget which reflects what we know at this stage about the GLA grant.



**Len Duvall (AM):** If that is the case then you should be presenting us with plans of how you are going to absorb, what priorities of the LDA you are going to take on and what you are not going to do and start to work on that. If that is what you are telling us, that you are not expecting anything, then that would be logical that we could receive some of that information.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** We cannot do that because we do not know what money the LDA functions - remember the LDA will still continue until April 2012. We do not yet know what money is going to come down for that. It is just chicken and egg. We cannot give you that information because we do not have it.

**Len Duvall (AM):** You do have information about the contractual commitments in terms of GLA departments. In terms of pressing buttons and acting responsibly towards the staff in this building and your own Mayoral priorities. You should be further ahead and should be able to give us confidence that you are further ahead and that you are on top of it. You do know the gap that exists between those departments. The figures are there. It has got what the LDA commitment is - unless that is a made up figure as well - for the coming year. It is not hard to work out what are the contractual commitments. In terms of environmental issues, what is the gap that we are looking for. Then we would have a good idea of what some of the challenges this organisation is facing. It is facing severe challenges.

If Mr Coleman [Brian Coleman AM] was here, he thinks there is a failure to plan for the future and that you are not taking it seriously. I know you are but the detail that you are presenting does not bear that out. I take you at your word. In terms of giving confidence about where we are going you should be further advanced and further ahead in some of your thinking to give a sense of direction of travel.

**John Biggs (Chairman):** I will ask Mr Clarke, as the Statutory Officer, whether he thinks the document placed in front of us is compliant with the requirements? At the very least it should include statements about the risks that exist within it and it should very clearly highlight that it is based on income that clearly is not going to exist.

**Martin Clarke (Executive Director of Resources, GLA):** I do not think it is clearly income that does not exist. There is probably a slight misunderstanding in what this part of the process is. Before the Mayor determines a budget for consultation with the Assembly, with the other functional bodies and with the wider public and business he has to consult the Assembly, through yourselves, before he determines that budget. What is before you at the moment is the information we have. The Mayor can take comments which he will then take into account in determining his budget which he will issue for consultation in December 2010. It is a pre-consultative stage on the budget. The budget debate that the GLA Act anticipates will take part following the publication of that budget.

I would dearly like to give you a lot more information and provide much more comparative information and identify sums in that LDA appendix that are contractually committed, but I have no other information.

Since there are no substantive decisions required at this stage, I do not see any problem --

**John Biggs (Chairman):** It is really for us then to conclude that you have provided us with a budget which is a deficit budget.

**Leo Boland (Chief Executive):** No. It is not.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** What I am taking out of this meeting, having consulted this Committee, is that Darren is keen that we prioritise environmental programmes, Len is keen that we prioritise the planning for potential future reductions in headcount, Andrew is keen that we deliver as little as possible and delegate as much as possible and this is all useful feedback which the Mayor will take into account in framing his final budget.

**John Biggs (Chairman):** That is a thoughtful response.

**Mike Tuffrey (Deputy Chair):** I want to establish the gap: this £18 million. How much, Martin, is in this budget that is assumed to be coming from the LDA, where there is a question mark? Is it £18 million?

**Martin Clarke (Executive Director of Resources, GLA):** At present this identifies £18 million --

**John Biggs (Chairman):** No, no, no. There must be more. The £18 million is grants received from the LDA which will not be coming next year unless something changes. In addition to that there will be expectations or duties or functions like inward investment, tourism promotion --

**Martin Clarke (Executive Director of Resources, GLA):** Not until 2011/12.

**John Biggs (Chairman):** They are not funded. No, no, they are not going to be funded in 2011/12 as it currently stands.

**Mike Tuffrey (Deputy Chair):** What I am trying to establish is, in relation to this budget for the core GLA, how much is the question mark? How big is the question mark? It is £18 million?

**Martin Clarke (Executive Director of Resources, GLA):** At the moment there is £18 million worth of activities funded by the LDA and reflected in these budget figures.

I can clarify the position on staffing because you mentioned this comes up to in excess of 100 posts. At present, on this list of staffing, circa ten posts - I will explain why I cannot be quite precise - are reliant on LDA funding. All the rest of the funding for the staff is in the GLA base budget and not dependent on the LDA funding. If the LDA funding did not come, in extremis, we could employ the staff and not run the programme, except for ten posts.

**Mike Tuffrey (Deputy Chair):** Which is helpful. From a financial point of view, you have included in here £18 million worth of assumed income for which there clearly is a big question mark. That is the extent of it. Everything else, in terms of how we do things differently and the consequences of making sure what the LDA does carries on, is for later. That is the GLA family budget, not the core GLA budget.

**Martin Clarke (Executive Director of Resources, GLA):** That is correct.

**Mike Tuffrey (Deputy Chair):** OK. That is the extent of the question before us today. It is a sizeable sum of money.

**Len Duvall (AM):** Is that a financial gap?

**Martin Clarke (Executive Director of Resources, GLA):** If you do not have contractual commitments there is no financial gap. In extremis you would have --

**Len Duvall (AM):** Do you know what the contractual commitments of that sum might well be? That £18 million? There may well be some --

**Martin Clarke (Executive Director of Resources, GLA):** That information is available because that information we are sharing with Government as part of the negotiations to get the contractual commitments as a starting place to be funded.

**John Biggs (Chairman):** This is, potentially, very confusing. You are absolutely clear that this draft budget then includes £18 million worth of activities for which funds do not appear to exist?

**Mike Tuffrey (Deputy Chair):** Some of them will, some of the will not.

**Martin Clarke (Executive Director of Resources, GLA):** At this stage, until the grant announcement has been made, I do not know. Therefore, the final budget, the budget that will go to consultation, will need to reflect what the reality is.

**John Biggs (Chairman):** £18 million is the extent of that? There is nothing else?

**Martin Clarke (Executive Director of Resources, GLA):** Not that I am aware of.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** To the extent that these are funded through the core GLA grant, if that reduces very significantly then there are other things that would have to be looked at.

**Mike Tuffrey (Deputy Chair):** We are examining individual directorates. On events, can we know what the risk is around that income? This year it is presumably around £2.5 million sitting in external affairs for external funding of events. This time last year the number was £3.5 million so that seems sensible to have brought that down. How assured are you of that income?

**Martin Clarke (Executive Director of Resources, GLA):** As part of the LDA funding?

**Mike Tuffrey (Deputy Chair):** That is LDA? I presumed it was events sponsorship.

**Martin Clarke (Executive Director of Resources, GLA):** The principal source of events funding is the LDA.

**Mike Tuffrey (Deputy Chair):** Not external sponsorship?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** No.

**Martin Clarke (Executive Director of Resources, GLA):** The GLA budget shows GLA costs. It does not show the full cost of events.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** It is net.

**Mike Tuffrey (Deputy Chair):** Fine, in which case we will not pursue that one. On the Olympics --

**John Biggs (Chairman):** Except to note that roughly two thirds of that is the annual New Year's party which we all love.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Fireworks: that is by far the biggest cost in the events budget. That cost is, interestingly, not the fireworks themselves, it is the cost of stewarding.

**John Biggs (Chairman):** When I said we all love it I did not necessarily mean that we do all love it of course.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** If your Committee wishes to recommend that we cancel the fireworks --

**John Biggs (Chairman):** No, no, no.

**Darren Johnson (AM):** Because of funding pressures Lewisham and Greenwich for the bonfire and firework display have introduced a voluntary donation scheme for those attending. Is that something that could be considered?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I do not think we have considered it yet. Growth in the New Year's Eve event is such that it generates public safety concerns. One of the things we might need to look at in the future is a ticketed event in order to have some control over the numbers. There is no thought of that being a charge for event but, obviously, if you give tickets - something like they do in Edinburgh - then those options become available. I very, very quickly stress that there is no current plan to charge people to see the fireworks at New Year's Eve.

**Darren Johnson (AM):** Nor should there be but if there are funding pressures then, rather than cancel an event or charge people for it, requesting voluntary donations can be an acceptable way of dealing with the --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** That is a very interesting idea. Rather than buying an extra bottle, put something in a tin for the event.

**Andrew Boff (AM):** Are they particularly carbon friendly fireworks displays?

**John Biggs (Chairman):** These ones are, yes.

**Mike Tuffrey (Deputy Chair):** Finally, on the Olympics. Olympic spending goes through here which I have to say my impression is it keeps going up when the basic story ought to be that the £9.3 million covers everything and that we should not be putting stuff in. I know I have already asked this and we get given the answer about unaccredited media etc etc etc and getting the full value. Nonetheless, it keeps inching up. Can we have an answer to what the Chairman asked earlier; is there a plan to charge that expenditure to the £9.3 million and, thus, save several million here?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** We aim to recover the costs of the unaccredited media centre from within the Government Olympic pot.

**Mike Tuffrey (Deputy Chair):** OK. So that is not in these budgets? The number is still £1 million point something isn't it?

**John Biggs (Chairman):** £2.6 million.

**Mike Tuffrey (Deputy Chair):** Anyway, it is a lot of money. Is it going up? Is the non-£9.3 million pot going up this coming year?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I do not think there is any change in the plans. If anything, we are trying to refine things down.

**Andrew Boff (AM):** You are looking to recover some of the costs of the unaccredited media centre? Is one of the options not to proceed with the unaccredited media centre?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** That would be a pretty serious mistake because the experience of previous Olympics is that you really do need to make provision for this. We have got a building secured. It is the other costs of running the whole operation for the media that we are now looking to cover. It would be very damaging for the city to ditch that whole project.

**Andrew Boff (AM):** Why would that be damaging?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Because the reputational hit of having 20,000 international journalists in a city with nobody to organise anything --

**Andrew Boff (AM):** Which we would never ever recover from; a terrible catastrophe.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** There are plenty of cities who have had the Olympics and for whom it has not gone well who have taken many, many years to recover.

**Andrew Boff (AM):** Actually, there was one and that was Atlanta. Of course they did not have this --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** I do not think Athens has done that brilliantly.

**Andrew Boff (AM):** They did not have this three week party for bloggers prior to --

**John Biggs (Chairman):** Andrew, we are at risk of straying into economic development matters. The point is that the Mayor's office has assessed that there is a job that needs to be done. You can challenge it at the Economic Development, Culture, Sport and Tourism Committee on whether that is a reasonable job to be done. It has to find funding for it. It is looking at --

**Andrew Boff (AM):** What I am trying to test here is whether or not these are actually being looked at --

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** The Mayor has taken the view that the unaccredited media centre is an important element of the Olympic project. The Government agrees and we are now trying to make sure that the Government pays for it.

**Andrew Boff (AM):** But should there be no amount of money coming from the Government, would you trim the project or will you go ahead with it? This is the point about the seriousness of the budget related question.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** In that case let me be very clear. If there is no money coming from the Government it will not happen.

**John Biggs (Chairman):** Again, I am like a dog with a bone on the inward promotion question. Currently Visit London and Think London and Study London are funded through the LDA. There is no reason why they have to be funded through the LDA. They could be funded as a grant from City Hall. If the LDA does not have the resource to fund those activities they could be funded, if they are seen as a priority, through the core GLA budget in some way. Is that, technically, correct?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes.

**John Biggs (Chairman):** It is not an LDA activity which will only come to us in 2012. Putting it another way, that may be the biggest one, but there are a number of LDA functions which City Hall could be called on to fund in advance of the technical abolition of the LDA?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Yes. We are not currently resourced to be able to take those on. Money from some Government department or other - in the case of tourism obviously it would be the Department for Culture, Media and Sport in order to do that.

**John Biggs (Chairman):** OK. You have a schedule of such things somewhere which you can provide us with I am sure?

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Not at the moment but in due course, yes.

**John Biggs (Chairman):** OK. Thank you very much for coming and have a lovely day.

**Sir Simon Milton (Deputy Mayor and Chief of Staff):** Thank you.