

AGENDA

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

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Members of the Committee

John Biggs (Chairman)
Mike Tuffrey (Deputy Chair)
Gareth Bacon
Andrew Boff
Len Duvall

Roger Evans
Darren Johnson
Murad Qureshi
Richard Tracey

A meeting of the Committee has been called by the Chairman of the Committee to deal with the business listed below. This meeting will be open to the public. There is access for disabled people, and induction loops are available.

Mark Roberts, Executive Director of Secretariat
Tuesday 16 November 2010

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: John Barry, Senior Committee Officer; Telephone: 020 7983 4425; E-mail: john.barry@london.gov.uk; Minicom: 020 7983 4458.

For media enquiries please contact Lisa Moore, Tel: 020 7983 4228, email: lisa.moore@london.gov.uk or Julie Wheldon, Tel: 020 7983 4228, email: julie.wheldon@london.gov.uk.

If you have any questions about individual reports please contact the report author whose details are at the end of each report.

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Certificate Number: FS 80233

**Agenda
Budget and Performance Committee
Wednesday 24 November 2010**

1. Apologies for Absence and Chairman's Announcements

To receive any apologies for absence and any announcements from the Chairman.

2. Declarations of Interests (Pages 1 - 2)

The Committee is recommended to:

- (a) Note the list of memberships of functional bodies and London Borough Councils, as set out in the table at Item 2;**
- (b) Note the gifts and hospitality received by Members, as set out on the Authority's gifts and hospitality register; and**
- (c) Declare any other personal or personal prejudicial interests in specific items listed on the agenda over and above those items listed in the table above and including any interests arising from gifts or hospitality received within the previous three years or from the date of election to the London Assembly, whichever is the later, which are not at the time of this meeting reflected on the Authority's register of gifts and hospitality.**

3. Minutes (Pages 3 - 50)

The Committee is recommended to confirm the minutes of the meeting of the Budget and Performance Committee held on 2 November 2010 to be signed by the Chairman as a correct record.

The appendices to the minutes set out on pages 7 to 50 are attached for Members and officers only but are available from the following area of the GLA's website:

<http://www.london.gov.uk/who-runs-london/the-london-assembly/public-meetings>

4. Summary List of Actions (Pages 51 - 52)

Report of the Executive Director of Secretariat
Contact: John Barry; john.barry@london.gov.uk; 020 7983 4425

The Committee is recommended to note the outstanding actions arising from the previous meeting of the Budget and Performance Committee.

5. Draft GLA budget for 2011-12 (Pages 53 - 78)

Report of the Chief Executive and Executive Director of Resources
Contact: Tom Middleton; tom.middleton@london.gov.uk; 020 7983 4257

The Committee is recommended to respond on behalf of the Assembly to the Mayor's consultation on his Draft GLA Budget for 2011-12.

6. Budget and Performance Committee Work Programme 2010/11 (Pages 79 - 82)

Report of the Executive Director of Secretariat
Contact: Tim Steer; tim.steer@london.gov.uk; 020 7983 4250

The Committee is recommended to:

- (a) Agree the proposed work programme for the remainder of 2010/11; and**
- (b) Delegate authority to the Chairman, in consultation with the Budget Group Leads, to agree and submit the Committee's response to the initial GLA budget proposals.**

7. Date of Next Meeting

The next meeting of the Committee is scheduled for Tuesday 7 December 2010 at 10am in Committee Room 5.

8. Any Other Business the Chairman Considers Urgent

London Assembly

Membership of Functional Bodies and London Borough Councils

Member	(Personal) Interest
Gareth Bacon	Member, LFEPA; Member, LB Bexley
John Biggs	Member, MPA
Andrew Boff	
Len Duvall	
Roger Evans	Member, LB Havering
Darren Johnson	Member, LFEPA; Member, LB Lewisham
Murad Qureshi	Member, LFEPA
Richard Tracey	Member, LFEPA
Mike Tuffrey	Member, LFEPA

[Note: LB - London Borough; LDA – London Development Agency; LFEPA – London Fire and Emergency Planning Authority; MPA – Metropolitan Police Authority.]

Recommendations:

- (i) That the list of memberships of functional bodies and London Borough Councils, as set out in the table above, be noted;
- (ii) That gifts and hospitality received by Members, as set out on the Authority's gifts and hospitality register, be noted; and
- (iii) That all Members declare any other personal or personal prejudicial interests in specific items listed on the agenda over and above those items listed in the table above and including any interests arising from gifts or hospitality received within the previous three years or from the date of election to the London Assembly, whichever is the later, which are not at the time of this meeting reflected on the Authority's register of gifts and hospitality.

The above memberships of the GLA's Functional Bodies and London Borough Councils are listed for the purposes of public transparency. However, Members should note that in accordance with the GLA's Code of Conduct, they must declare any other **personal interests** (except interests arising from gifts and hospitality that appear on the gifts and hospitality register at the time of the meeting) they have in any item on the agenda or as they arise during the course of the meeting. Members must say to which item their interest relates. If they have a personal interest Members must also consider whether or not that interest is a **prejudicial personal interest** and take the necessary action. When considering whether or not they have a declarable interest, Members should consult paragraphs 8-12 of the Code.

A **personal interest** is, generally, one that would affect a Member (either directly or through a connection with a relevant person or organisation) more than other people in London, in respect of the item of business under consideration at the meeting.

If a member of the public, knowing all the relevant facts, would view a Member's personal interest in the item under consideration as so substantial that it would appear likely to prejudice the Member's judgment of the public interest, then the Member has a **prejudicial personal interest**.

The Code of Conduct also specifically requires Members, where considering a matter which relates to or is likely to affect a person from whom they have received a gift or hospitality with an estimated value of at least £25 within the previous three years or from the date of election to the London Assembly, whichever is the later, to disclose the existence and nature of that interest at any meeting of the Authority which they attend at which that business is considered.

The obligation to declare any gift or hospitality at a meeting as a personal interest is discharged, subject to the proviso set out below, by registering gifts and hospitality received on the Authority's on-line database. The on-line database may be viewed here: <http://www.london.gov.uk/gifts-and-hospitality-register>. At Assembly meetings, under the declarations of interest agenda item, Members are then asked to note that gifts and hospitality received by Members are set out on the Authority's register.

If any gift or hospitality received by a Member is not set out on the on-line database at the time of the meeting, and under consideration is a matter which relates to or is likely to affect a person from whom a Member has received a gift or hospitality with an estimated value of at least £25, Members are required to disclose these at the meeting, either at agenda Item 2 or when the interest becomes apparent.

It is for Members to decide, in light of the particular circumstances, whether an interest arising from the receipt of a gift or hospitality is also a prejudicial personal interest. Where receipt of a gift or hospitality does give rise to a prejudicial interest the Member must withdraw from the room and not seek to improperly influence any relevant decision.

Consequences: If a Member has a **personal interest**: they must declare the interest but can stay, speak and vote. If the Member has **prejudicial personal interest**: they declare the interest, cannot speak or vote on the item and must leave the room.

MINUTES

**Meeting: Budget and Performance
Committee**

Date: Tuesday 2 November 2010

Time: 10.00 am

**Place: Chamber, 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
Richard Tracey
Joanne McCartney

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

1.1 Apologies for absence were received on behalf of Murad Qureshi AM, for whom Joanne McCartney AM attended as a substitute.

2. Declarations of Interests (Item 2)

- (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;**
- (b) That Joanne McCartney AM's membership of the Metropolitan Police**

Authority additionally be noted as a personal interest; and

- (c) 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 14 October 2010.

3.2 **Resolved:**

That the minutes of the meeting of the Budget and Performance Committee held on 14 October 2010 be signed by the Chairman as a correct record.

4. Action Taken Under Delegated Authority (Item 4)

4.1 The Committee received the report of the Executive Director of Secretariat setting out recent action taken by the Chairman of the Budget and Performance Committee under delegated authority.

4.2 **Resolved:**

That the recent action taken by the Chairman of the Committee under delegated authority be noted.

5. The 2011-12 GLA Group budget (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:

- Steve Allen, Managing Director of Finance, Transport for London;
- Bob Atkins, Treasurer, Metropolitan Police Authority;
- Anne McMeel, Director of Resources, Metropolitan Police Service (MPS);
- Nick Rogers, Director of Finance Services, MPS; and
- Sue Budden, Acting Director of Resources, London Fire and Emergency Planning Authority.

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

5.4 Also in attendance to discuss separately the London Development Agency budget was Angie

Ridgwell, Group Director Finance.

5.5 A transcript of the discussion is attached as **Appendix 2**.

5.6 **Resolved:**

That the report and discussion be noted.

6. The Finances of the Olympic Legacy (Item 6)

6.1 The Committee received the report of the Executive Director of Secretariat.

6.2 **Resolved:**

(a) That the report, *The Finance of the Olympic Legacy Part 1* be agreed; and

(b) That the Assembly be recommended that it uses its powers under section 60 (1) of the Greater London Authority Act to request a response to the report from the Mayor.

7. Quarter 1, 2010-11 GLA Group Monitoring Report (Item 7)

7.1 The Committee received the report of the Executive Director of Resources.

7.2 **Resolved:**

(a) That the report be noted;

(b) That authority be delegated to the Chairman, in consultation with party Group Lead Members, to write as appropriate for further information in relation the monitoring report.

8. Treasury Management 2009/10 Out-turn and 2010/11 Mid-Year Report (Item 8)

8.1 The Committee received the report of the Executive Director of Resources.

8.2 The Assistant Director of Finance, David Gallie, advised the Committee that due to the recently announced increase in the Public Works Loan Board rates of loan interest, further work would be undertaken to identify other funding source options, including bond issuance.

8.3 **Resolved:**

(a) That the performance of the Treasury Management function throughout 2009/10 and to 30 September 2010 be noted; and

- (b) That the progress of the GLA's financing arrangements for Crossrail and the management and collection of the Crossrail Business Rates Supplement be noted.

9. Budget and Performance Committee Work Programme 2010/11 (Item 9)

9.1 The Committee received the report of the Executive Director of Secretariat.

9.2 Resolved:

- (a) That the Budget and Performance Committee's work programme for remainder of 2010/11 be agreed; and
- (b) That the Budget Monitoring Sub-Committee meeting scheduled for 9 November 2010 be cancelled.

10. Date of Next Meeting (Item 10)

10.1 The next scheduled meeting of the Committee was to be held on Wednesday 24 November 2010 at 10.00am.

11. Any Other Business the Chairman Considers Urgent (Item 11)

11.1 There were no items of urgent business.

12. Close of Meeting

12.1 The meeting ended at 12.40pm.

Chairman

Date

Contact Officer: John Barry, Senior Committee Officer; Telephone: 020 7983 4425; E-mail: john.barry@london.gov.uk; Minicom: 020 7983 4458.

Budget and Performance Committee 2 November 2010

Transcript of Item 5: The 2011/2012 GLA Group Budget – Functional Bodies

Action five is our main item today which is about the GLA group budget. It is quite complicated, this, because we have got three functional bodies here now. The London Development Agency (LDA), because of its different nature and recent events, is going to come on a little bit later on. I will start the ball rolling by inviting each of you to make an opening comment about the position you are in. I am going to start with Transport for London (TfL) so, Steve, welcome.

Steve Allen (Managing Director of Finance, TfL): Thank you very much. As you will have seen from the Mayor's announcement following the Spending Review settlement we have had fairly long and detailed discussions through the Spending Review with the Department for Transport and the Treasury, particularly around protecting investment in upgrading the transport network. Crossrail and the continuation of the upgrade to the Tube networks, which were identified as key national priorities within the Spending Review, have, therefore, been protected from some of the level of cuts that have been seen elsewhere to the transport budget.

Overall, that has meant the cuts to our budget have been rather less than to the transport budget nationally and that has enabled the Mayor to protect his key priorities of the investment, continuing the level of services that are provided and not increasing fares beyond what was already set out in our business plan.

Obviously, we only had the Spending Review announcement a couple of weeks ago. We are in the process of preparing a detailed business plan that will respond to the Spending Review, which we expect to have ready in the early part of next year.

John Biggs (Chairman): OK. Anne McMeel, Metropolitan Police Service.

Anne McMeel (Director of Resources, MPS): Just as an opening - and Bob [Atkins] may well want to add to this - the announcement on the Comprehensive Spending Review (CSR) was that we would be looking at a 20% real reduction over the next four years. That is the equivalent to a 12% reduction in cash and it has been front-loaded so, in terms of the 20%, it goes 6%, 13%, 17% and 20% over the next four years. For next year, on the basis of the information that we have so far, it looks like a cash reduction on our core policing activity of about 3.8%, which is what we are working towards.

What I would say is, however, there are a lot of unknowns for us at the moment that relate to our core position. The information provided by the Home Office does relate to the overall Home Office grant that covers specific grants as well and we have not yet got clarity on what the changes on some of those specific grants might be or, indeed, how the overall funding will move through the general police grant formula. We are hoping to get more clarity on that in early December 2010.

We also have an issue about looking at what our partners' settlements are because, clearly, we receive some income from other partners in terms of some of our activity. We are currently working up plans - and, indeed, building on the plans that we have had over the last two or three years - in terms of our overall policing plan. The aim - you will have heard the Commissioner make these announcements - is of very much trying to ensure that we drive out as much cost from the organisation in terms of inanimate objects and goods and services; ensuring that our business support functions are as lean as possible in terms of delivering effective services; and doing whatever we practically can to maintain and support our operational capability as an organisation.

We will also be waiting for the final Mayoral precept announcements. We are currently working to the proposal in his letter of 22 October 2010 which is, basically, a precept freeze on the current year.

That is the overall position on our finances.

John Biggs (Chairman): OK. Just to clarify, Steve Allen is the Managing Director of Finance at TfL. TfL is different from the other organisations in that its grant is already established; we know how much you will be getting next year. Obviously, subject to changes because fare income will go up and down depending on the economy, whereas Police and Fire and, indeed, the core GLA's final numbers do not come out until December 2010. We are going to probe this in greater detail later on. Also, we live in a world in which, certainly under the previous Government, there were lots of additional grants for special circumstances and special projects and so on. There may be some change in some of those but we will explore that in a minute.

If we could ask Sue Budden then, from the Fire Authority, to set out her stall?

Sue Budden (Acting Director of Resources, LFEPA): The Spending Review announcement for Fire was a 25% reduction in grant over four years and this would be back-loaded, although there is not any detail as to what that means. It is back loaded to 2013/2014 and 2014/2015. The statement behind that was that that was to allow time to make the changes without impacting on the quality and breadth of services. That came from the Fire Minister.

The reduction is predicated on the premise that Fire, in total, is 50% grant funded and 50%, effectively, council tax funded. Our split is 60/40 so that is different to us. A 50% would mean a 12.5% reduction in total funding whereas, for us, that does translate into 15%.

The other factor for us is around the consultation on the Formula Grant Distribution. There was a consultation that closed in October around changing the way in which the total fire grant is distributed. Some of the options resulted in quite significant losses for the London Fire and Emergency Planning Authority (LFEPA) if floor damping was not retained. That was not mentioned in the Spending Review at all so we need to wait and see how that comes to light when the final announcement comes.

The other point for us is that we did do a base budget submission in September 2010, in line with the Mayor's Budget Guidance of May 2010 that was based on a 5% reduction in grant. That could be within the context of a back-loaded 25% settlement over four years, so we are just waiting to see what the actual announcement is in December 2010.

John Biggs (Chairman): Just then to pull out a strand from that, the Police budget settlement is front-loaded so you are going to get the bigger cuts in years one and two and smaller cuts in years three and four and the Fire savings are the other way round. Although,

uniquely I think, the Fire Authority has already produced a draft budget which possibly offers the GLA bigger savings than it might be required to offer through the grants. So there may be an opportunity for the Mayor in that I suppose and he may choose to take those savings earlier on and make it a bit less painful for the other parts of his empire. Let us see how that comes out in questions.

Richard Tracey (AM): First of all, you said Steve [Allen], that, effectively, Transport for London has been protected compared to the rest of the country - I think that is what you were saying. There were specific arguments made about the Tube upgrading and about Crossrail and, therefore, you probably got a better deal. Is that right?

Steve Allen (Managing Director of Finance, TfL): There was specific protection for those projects: for Crossrail and for the investment in the Tube upgrades. Those were ring-fenced from the overall budget cuts. The rest of the transport grant was cut in line with the rest of the country. Our grant cuts, like the Fire Service, are back-loaded rather than front-loaded. So by 2014/15 the national transport grant - the unprotected part of the budget - is cut by 28%, which is the same as transport budgets nationally, but, overall, the cut is 21% (reflecting the amount that goes into the Tube upgrade). Crossrail, because it is a capital grant, is separate from that anyway. The numbers I am talking about are the ring-fenced transport grant which is counted as revenue in the Government's books.

Richard Tracey (AM): Can I establish one thing first. When the Mayor made his announcement immediately after the CSR - and, indeed, was backed up by your Commissioner, Peter Hendy - they said that Crossrail would certainly be completed by 2018; so one year's difference from what we had expected. Then there was quite a deal of argument in the press that they had not been straight with London and that, actually, the situation was not as the Mayor and the Commissioner had said. What have you got to say to that? Can you clarify for us because, I think, it is quite damaging that the press made these comments?

Steve Allen (Managing Director of Finance, TfL): In respect of the timetable for opening Crossrail?

Richard Tracey (AM): Crossrail, yes, and, indeed, what parts of it would be completed by 2018? There was some suggestion that the wings - if we can describe it as that - of Crossrail would not be finished.

Steve Allen (Managing Director of Finance, TfL): The situation has always been that there will be an opening of the central tunnel section, which was previously scheduled for late 2017, and that there would then be a phased opening of the legs that feed into the central tunnel section. What Crossrail has come up with, as a revised programme in response to its engagement with potential contractors for the main works, is a slightly longer construction programme that would see the central tunnel section open towards the end of 2018.

There is still discussion about the phasing of the outside legs that feed in to the central tunnel section. So, previously - I think within about six months of that central tunnel section opening - it was that all the services would be running. We are now discussing with Crossrail as to whether it should be six months or a few months longer to have services running on the whole route from Maidenhead in the west to Shenfield and Abbey Wood in the east.

Richard Tracey (AM): So you are saying that it will be finished then by 2018?

Steve Allen (Managing Director of Finance, TfL): The central section will be open in 2018. One year later than previously said.

John Biggs (Chairman): What you are saying then is that the core section is being delayed by a year --

Steve Allen (Managing Director of Finance, TfL): Yes.

John Biggs (Chairman): -- and that could be as simple as a cash flow issue because there is less money to go around?

Steve Allen (Managing Director of Finance, TfL): No, it is not that at all. Effectively, what the bidders for the central section have said is that on the western part of the tunnel rather than doing the previous plan which was to build the stations first - you dig out the stations from the top and then run the tunnels through the station boxes that you have just dug out - was to do the opposite of that: to start with the tunnels and then, effectively, go back and excavate out the station boxes from the tunnel that you have just built. That takes slightly longer. It also has the impact of reducing the amount of spoilage that you need to disperse from the surface because you can run it out through the tunnel that you have just built. So in terms of the traffic impact in west London, it is much better.

John Biggs (Chairman): So it is slightly longer for technical reasons and then you were saying that it could open as a skeleton service in the first instance? That is the other part of the cut you are talking about?

Steve Allen (Managing Director of Finance, TfL): I do not think skeleton service is the right phrase. The substantial new part of Crossrail is the central tunnel section from Paddington through to Whitechapel and so forth. It is that that will be open in 2018. It is a question of whether you run services from Paddington to Maidenhead in the west and then up to Shenfield and Abbey Wood in the east and how many months after the opening of the central section. That is the point.

Richard Tracey (AM): I am sorry to keep pursuing this then. It is part of the core plan for Crossrail. The press and the media did make the point that they had not received the full story. Have you got a prediction of when the whole of Crossrail will be open?

Steve Allen (Managing Director of Finance, TfL): What we do not want to do is have a situation where you are trying to open the services in a big bang way. We want to have something that works operationally. We do not want a Heathrow Terminal 5 where the infrastructure is all built but, actually, you have not planned the operations correctly. There has always been a programme for a phased opening of services. Crossrail came back to us and said it would like a longer phased opening of services. We have said, "Are you sure you really need as much time as you say?"

John Biggs (Chairman): You are sort of saying that even if the money was more forthcoming than it is, for technical reasons, it makes sense for it to open in 2018, rather than 2017?

Steve Allen (Managing Director of Finance, TfL): Yes, it is not a money constraint that is driving this; it is a practical...

John Biggs (Chairman): The other part of that question I suppose is about the Tube and whether we are going to see delays in the roll out of improvements to the Tube?

Richard Tracey (AM): Exactly. I think, to be honest, Londoners as a whole want to see the Tube upgrade completed as an absolute priority. Is the CSR and its knock-on effects going to have any effect on the timetable of the Tube upgrades?

John Biggs (Chairman): It might be helpful then that the letter that I think the Mayor has shared with us - which he received from the Secretary of State - gives a series of outputs. It says, "We're going to give you all these billions of pounds and, in return for them, you have got to improve the Northern line by 20 something and the Victoria line by 20 something else". It is a schedule. One assumes that there are some changes in that from what was previously planned under the Public-Private Partnership (PPP) but that is required by the Government in return for the money. That is basically what is happening.

Steve Allen (Managing Director of Finance, TfL): Again, it is not primarily driven by money. As I said, the Tube upgrades were protected through the Spending Review. It is really driven by the situation that we are in having bought out Tube Lines. It is specifically focusing on the upgrades that Tube Lines were delivering. It had a sequential programme of delivering the Jubilee line upgrade first, then moving on to the Northern line and then moving on to the Piccadilly line. As we all know, the Jubilee line has been significantly delayed and that has a consequential knock-on to the following two upgrades. We do expect to complete the Jubilee line upgrade in the course of next year. We are reviewing the programme for the Northern line upgrade and we expect to deliver that by 2014. Then we are reviewing the programme for the Piccadilly line upgrade that follows on thereafter. It certainly will not be delivered to the original PPP contractual deadline of 2014 because it was always going to follow-on from the Northern line.

John Biggs (Chairman): Again, just to summarise, you have a spending announcement from the Government over the next four years and that is - I think I read - something like a £2 billion cut on what you were going to get over the next four years prior to the CSR --

Steve Allen (Managing Director of Finance, TfL): That is correct.

John Biggs (Chairman): -- but you had certainty over that figure in return for the targets and outputs that you had to provide?

Steve Allen (Managing Director of Finance, TfL): It is not absolute certainty. The transport grant is determined annually by the Secretary of State. We have previously had a long-term-settlement and previous Secretaries of State have annually stuck to that long-term settlement. As a matter of law, the Secretary of State does determine annually the settlement. He will, clearly, have regard to the commitment he has already given through the Spending Review.

Richard Tracey (AM): There was just one other question different from the ones I asked before. The fare box is a major part of the whole operation of TfL. We have heard the announcement from the Mayor about the fare increases. How is the fare box across the board in TfL actually holding up and to what extent will it begin to assist, in a greater way, with what is going to hit you from the CSR?

Steve Allen (Managing Director of Finance, TfL): Passenger demand has been quite strong and significantly above what we had originally budgeted for this financial year. What happened, as you will recall, in the early part of last summer we had a very sharp reduction, particularly in Tube ridership. We predicted that that would bounce back fairly quickly, which it

did, but it has bounced back more strongly than we forecast at the time. That has a significant impact on moderating the practical effects of the cut in Government grant on our budgets in total. So, while we talk about an overall cut by 2014/15 of 21% on the Government grant, in terms of TfL's total revenues in that year, it is about an 8% cut because the grant is less than half of our total funding and because the revenues have been performing quite strongly.

Joanne McCartney (AM): Anne [McMeel], you were planning, before the CSR, on a 25% budget reduction over the next four years and you identified, particularly next year, a budget gap of £179 million. How is that looking now? That seems to be equivalent for the next financial year; very much equivalent to what you were planning on. The danger is, in the following year, whether there is that bigger budget cut. Is that correct?

Anne McMeel (Director of Resources, MPS): I think the issue for us is that, overall, as I said, it is better on the face of it of what we were expecting. I think the figures you are quoting me actually went to the Police Authority a little while ago. We were getting intelligence before the settlement that it might be more like 18% rather than the 25% that we were originally working on. We are looking, at the moment, based on the pressures on growth versus the reductions that we would need to make, pretty much of the order that you have quoted there. It is £180 million for next year.

Joanne McCartney (AM): That is the budget gap?

Anne McMeel (Director of Resources, MPS): Yes.

Joanne McCartney (AM): Then, the following year, it is an accumulative 13% cut which is more than you were anticipating. Is that right or not?

Anne McMeel (Director of Resources, MPS): Marginally more because of the front-loading. Clearly, it gets easier in years three and four. I think, as we talked to the Authority before, our plan has always been to try to drive down the costs around inanimate objects and our business support functions as quickly as possible in order to maximise the flexibility around operational capability.

Joanne McCartney (AM): The other risk you highlighted was the risk of third parties. For example, if you look to TfL and the British Transport Police and local authorities - and local authorities were hit a lot harder than the GLA family as a whole I think. Have you had any indications yet about those third party sources of funding?

Anne McMeel (Director of Resources, MPS): I think when we last talked to the Authority we were looking at an initial planning assumption of something like 50% reduction in third party income by the end of year three. On some more modelling we did after that I think it is more like 25% over that period, or a little bit more than that. Some of our income streams look a bit more robust than we originally thought. I do have to put the caveat against all of that that we are still looking at what we can or cannot do with partners and discussions are ongoing on that. We are still not sure about what will be happening in specific grant areas, which impact on those figures.

Joanne McCartney (AM): That was my other question. Specific grants to the police total approximately £1 billion.

Anne McMeel (Director of Resources, MPS): That is specific grant and third party income.

Joanne McCartney (AM): Are all specific grants under review at the moment or have you had any indication that they are being rolled up into the central core grant?

Anne McMeel (Director of Resources, MPS): There is no indication, at the moment, that they are moving into the general grants. That is one of the things that we are pressing the Government to give us some clarity on. It does not look as though we are really going to find out about that until the beginning of December. We have had some indication that the impact on the Olympics grant and the counter-terrorism grant is going to be less than the standard 20% over the period, so there seems to be some relief on that. What we are not clear about is how that then impacts on the core grant position and what is happening on the other specific grants and whether or not they will stay specific or will we have something like what has happened with local government: a number of specific grants that are reduced and some of them moved into the grant formula.

Joanne McCartney (AM): Has Government given you any timescale when you will know about those specific grants?

Anne McMeel (Director of Resources, MPS): It needs to give us an indication in the beginning of December 2010 when it makes the provisional announcements on grant formula.

John Biggs (Chairman): To be clear, I was talking to a couple of my London council leaders last night and their general expectation is that the specific grants they get, with some exceptions, are going to be, effectively, massacred in the spending. Now maybe they are being inflammatory but are you suggesting that police specific grants are going to be somewhat ring-fenced and protected?

Anne McMeel (Director of Resources, MPS): I think there is not, necessarily, a consistent policy between different Government departments on how specific grants are being dealt with. I am a bit out of touch on local government but my understanding was they had about 90 different grant streams and it has gone down to about 10, and quite a lot of that has gone into a general grant formula. We have had some discussion with Government on this and, certainly, the inference that we were getting was that that is not likely to happen to the same scale on police grants. Whether there is some rationalisation we are not sure.

In a sense we have a slightly different position on some of our specific grant because we have some specific grant that, although it is termed specific grant, is actually treated more like general grant. The figures that we have been talking about have tried to take on board the fact that that part of the specific grant would get the same sort of hit that we were talking about in terms of our core funding.

John Biggs (Chairman): Give us an example of a large specific grant that is treated like general grant?

Anne McMeel (Director of Resources, MPS): The Crime Fighting Fund. We have got about £126 million that is termed as specific grant but is treated more like general grant, so that there is not any specific staff attached to that or there is not any specific grant conditions attached to it. It is treated in the same way as our formula grant.

Mike Tuffrey (Deputy Chair): The Fire position is that you have done a budget already, unlike the others, that has put you ahead, on the face of it, for what you need for this year but until we have the divvying up by Authority over the national figures we will not know. I think

we will have the next question on savings and I will come back to you on what we are going to do this year on savings.

John Biggs (Chairman): I think when I opened up earlier on, we did signal that, potentially, because you have a draft budget which possibly goes beyond the needs of the Government's grant settlement, you might be in a very interesting position this year; you will be offering the Mayor more savings than the grant suggests you need to offer. Is that a fair summary of where we might be?

Sue Budden (Acting Director of Resources, LFEPA): I do not think it is possible to say that at the moment. Yes, it is back-loaded, but we do not know what that means, or what redistribution might mean for London either. So I do not think I could say.

Gareth Bacon (AM): There has been much talk about percentage savings, inevitably, in response to the Mayor's Budget Guidance and also the CSR. The temptation when you set percentage savings cuts of course is to salami slice your budget and shave bits off here and there in order to make it fit the current circumstances. I think Members around the table are quite interested in the longer-term implications of that and where your mindset is really in terms of where you are strategically positioning yourselves and how your budgets are going to be put together over the longer-term.

I know TfL, in one of its recent press releases, talked about breaking the organisation down again and putting it back together so that it would be fit for purpose over the next ten years. Collectively, is that an approach that you are all adopting or are we still in the salami slicing territory right now?

Steve Allen (Managing Director of Finance, TfL): We already had, as you know, a substantial savings programme that we have got underway, in part in response to some of the downturn in revenues that I talked about that we experienced last year. A lot of the things that have been talked about in Government about reducing accommodation costs, better procurement, IT (information technology) and those kinds of things are things that we were already addressing as part of that savings programme. We certainly took the view that we cannot just ratchet up the targets in our existing savings programme; we need to look rather more fundamentally at what the organisation is delivering and how it should be structured and resourced to deliver those objectives.

In response to your question, we are absolutely not just doing salami slicing across each budget. We are having a thorough review across the organisation of how we organise and how we resource ourselves.

Gareth Bacon (AM): There is an immediate requirement to make savings imposed by the Mayor's Budget Guidance and by the CSR. I think everyone would accept the need to do a bit of shaving here and there in all of your budgets right now. The question is - not so much for you, Steve, because I think you have answered it, but for the other directors who are here - is the approach that you are taking for the longer term? Are you effectively salami slicing for this year in order to buy time to put in the strategic approach that Steve is talking about? Is that common across the GLA family or is that something that we are not quite at yet?

Sue Budden (Acting Director of Resources, LFEPA): If you did see the budget submission that we did in September 2010 it was a broad range of savings that we arrived at by setting targets by department but not on the understanding that we would then automatically take those. It was so the Board could have an understanding of what the target would mean

individually by department. That does result in some savings because I think it would be fair to say that most parts of the organisation could offer up something that would not have a significant impact on the plan in this first instance.

Going forward, doing some work around departmental reviews and the way in which we operate from a back office perspective. The Minister for Fire has also set out a range of areas that he expects fire authorities to be looking at as they head towards these back-loaded cuts which include improved sickness management, pay restraint, shared services and improve procurement. There has recently been a top management review in the Fire Brigade where they have put all the third party spend in one place, so there is a new Finance Contractual Services Directorate which will be IT, property and fleet. Everything will be in one place and we are looking at that as an opportunity to drive out procurement savings and savings in our third party spend.

Yes, we have done a bit of salami slicing in this first year but we are moving towards a more departmental review for costs going forward.

Gareth Bacon (AM): How about the MPS, Anne?

Anne McMeel (Director of Resources, MPS): I think we had already moved away from salami slicing in terms of an approach. We look at our budget from top down and bottom up each year. We do require business groups to look at local efficiencies but we also have a major change programme that has been agreed by the Management Board, looking at issues across the service. We have some major programmes underway, and had already started them, around modernising the catering function across the service, the training function across the service, the Human Resource (HR) function across the service, finance and resources across the service, rationalising our property estate and how we deliver our property services. We have got a major programme around procurement and how we can drive out cost in terms of goods and services across the service and, also, particularly big projects around IT and forensics. All of those were projects and programmes that were underway. To some extent, what we are doing now is to see to what extent we can escalate those programmes and pull in savings early on from them.

What we are also looking at is what is going to be the next work strands, if you like, in terms of the change programme for the organisation.

From a Management Board viewpoint - and, again, I am sure you will have seen statements from the Commissioner on this - we do have to ensure that we have operational stability over the next 18 months in terms of the delivery of the security around the Olympics. The Commissioner is very clear and Management Board is engaged, together with the Authority, around what will the service look like in 2015/16 and how can it be fit for purpose in terms of the challenges that are going to be facing us post-Olympics. Looking against that is how we can start changes on the infrastructure, without damaging operational capability, in the run up to the Olympics to ensure that we can move quickly to the new structure that the Commissioner and Management Board decide is what is needed post-Olympics.

Gareth Bacon (AM): Would it be fair to say that, from the Metropolitan Police Service perspective then, we are in the foothills of making the strategic changes that need to be made? Obviously, with the Olympics honing into view in 18 months' time, there is almost a certain amount of leeway that is guaranteed in terms of retaining operational efficiencies so you are using that time to put the strategic thinking in place so that, once the Olympics has gone, you can then take things forward then.

Anne McMeel (Director of Resources, MPS): I think we are doing the thinking now. What we have put the focus on is the business model and the support functions initially in terms of making sure that we have got the right business infrastructure in place and driving out savings doing that. At the same time, starting to look at what the next work phases might be in terms of common processes between the operational groups, common processes between the support functions, what our management-on costs are across the organisation and what the best structure might be post-Olympics; with the aim of driving down costs and delivering better services during that period. I suspect we are slightly higher than the foothills but definitely not at the peak.

Gareth Bacon (AM): Right. I think that is fair. When he came to see us, the Mayor's new budget adviser, Nick Griffin [Mayoral Advisor - Budgets and Performance], he thought the functional bodies could probably reduce their actual spending by about 20% over the four years and felt that that would be the necessary figure given the economic circumstances we are now in. He felt very strongly that salami slicing would not do it and a greater degree of cooperation on things like procurement etc, through the functional bodies, would be a way of doing that. It could only be done with those changes but also a strategic change in terms of service delivery and focus. Do you guys agree with that? Do you think 20% savings across the functional bodies is achievable in four years?

Anne McMeel (Director of Resources, MPS): I would not make an announcement like that in terms of the Metropolitan Police Service. What we are trying to do is drive out savings and we are trying to drive out maximum savings. I think all of the functional bodies would agree that we are now doing much more collaborative working than we did four or five years ago in terms of taking some of these issues forward. Certainly, as far as the Metropolitan Police Service is concerned, we have already planned in some of those savings going forward. Whether it is 20% or not, I would not like to hazard a guess.

What we are trying to do is make sure that, in terms of our business model, we are delivering the most effective service both in terms of collaboration with the rest of the GLA group but also we have a particular issue in terms of collaboration with other police forces and, indeed, the Home Secretary can mandate us to collaborate with other police forces as opposed to the GLA group, despite the fact that some of our synergies are more linked, in some cases, to the GLA group than other police forces.

Gareth Bacon (AM): I can see the sense of that. For some of the procurement things, particularly, it does make sense to synergise with other police forces because, clearly, there will be things that you purchase in common, particularly operational equipment etc.

Sue [Budden] and Steve [Allen], how do you feel about the great synergies that can be achieved across the GLA group in terms of procurement and various other back office functions?

Steve Allen (Managing Director of Finance, TfL): There clearly are synergies that can be achieved - and, indeed, in some cases, are being achieved - in areas of back office support.

You have to bear in mind that a lot of what we are procuring is different from functional body to functional body so a lot of the transport things that we are procuring there does not really have that much commonality with the rest of the GLA family.

When it comes to things like accommodation and IT and so forth, then there is clearly a very strong case for working together and trying to drive out savings collectively. That work is

already underway. As you know, TfL, for example, is doing procurement on behalf of the GLA and providing legal services on behalf of the GLA so quite a lot of this is already in place.

It will not reduce 20% from our total budget because a lot of that is on things that there is not a lot of commonality with the rest of the group, but there are some lines in the budget that probably would be a realistic target.

Gareth Bacon (AM): Do all of you feel confident then that the savings required in the short term you are on top of? You are fine with that: that the longer term strategic savings can be achieved, having made the changes you need immediately?

I suppose where I am going with this question is that there is a tremendous temptation for politicians to look at the reserve levels that each functional body has. Some are better than others. Obviously for the Police it is only about a 2.7% reserve and 2% is your target reserve. LFEPA is sat at 10% on reserves. Is it envisaged that any use of reserves would be needed in the short term to plug gaps, while longer term plans are put in place?

Sue Budden (Acting Director of Resources, LFEPA): We have not played in plans around use of reserves as you could see in our base budget submission that we submitted. In previous years you would be aware that we did use reserves and we were working with the GLA and the Mayor on that. This was to do with the costs coming out of the London Resilience programme.

For 2010/11 we got to our first year in many years where we had a sustainable budget that was not based on using reserves to balance it and, at that point, the Mayor wrote and said, "We will not be using reserves for 2010/11 and we will wait to see how the Spending Review works out". I think that is where we still are.

John Biggs (Chairman): LFEPA has a history of coming in under budget which means your reserves are never quite used as much as you anticipate. Is that likely this year?

Sue Budden (Acting Director of Resources, LFEPA): We are forecasting an underspend for the current year and we are not forecasting any reserve use; and that will add to reserves.

John Biggs (Chairman): I want to ask a more general question. The reason I am a bit frustrated I suppose is, obviously this is a meeting in which our witnesses are finance directors and you are never going to get fireworks with finance directors and you are going to give us good straight arithmetic answers. The problem is, if there are 20% cuts - or thereabouts - you can do so much by honing your procurement and making efficiencies and sharing services, but I think the wider world - and all the newspaper headlines and the Chancellor's speech - suggest that other things will fundamentally have to change. If 500,000 public sector workers are going to lose their jobs then the GLA is not immune from that and so there will be police officers who will be down the road, there will be firemen who will be down the road and there will be transport services cut as a result of that.

What I am getting at present is a holding answer which says, "We can do all these efficiencies and as much as we can possibly achieve through being sharper in what we are doing and protecting the frontline but, at this stage, with this year's budget, there is no fundamental statement that there are big frontline service cuts".

The reason I thought this question was sculptured is it is a bit like you are flying an aeroplane and it cannot quite get off the ground so you throw the seats out and you throw the baggage out and you perhaps throw some of the passengers out and it still does not get off the ground,

so you then have to redesign the aeroplane. The question is whether the different bits of the GLA family need to be redesigned to meet the reduced budgets? The headline would be, "We need 4,000 fewer police officers because of the budget cut". Or, "We need to shut half a dozen fire stations" or something.

I am not saying that is going to happen but the fag packet calculation would imply that something like that will have to happen somewhere along the line and I am not getting that in the presentation here today. Perhaps our individual Members, with their specialisms, can probe the questions and we can perhaps tease some of that out. Perhaps it is never going to happen. Perhaps the Mayor has been mollycoddled by the Government grant settlement and everyone else is going to have to massacre their staff and the GLA will be immune. I suspect that is not totally the case though. Richard?

Richard Tracey (AM): Actually, Chairman, I wanted to follow up one point, particularly with Anne McMeel, on the police. It is this question of the point at which the cuts to the police really happen. Obviously there is the Olympic priority but are we, therefore, expecting a completely different Metropolitan Police Service after 2012? For example, there are quite a few rumours running around about the merging of borough commands; there is the suggestion of one of my boroughs, Merton, merging with Sutton. I believe there are others in north London. Is this something we are going to see; a completely different Metropolitan Police Service after the Olympics?

Anne McMeel (Director of Resources, MPS): I know, because I was there, that the Commissioner gave a very full answer to this issue at the last full Metropolitan Police Authority meeting.

The Metropolitan Police Service is very clear that the borough structure is at the heart of how it delivers policing in London. What it will do is look at what boroughs are doing - borough councils - and if borough councils are starting to rationalise some of their infrastructure. Then the Metropolitan Police Service would be in discussion with them to see whether or not there is something that you could actually look at on that.

Effectively, for the work that is happening in Territorial Policing development at the moment - which is the programme I think that you are referring to - the Commissioner has been very clear that no decisions will be taken on that until he comes back and talks to the Metropolitan Police Authority about the proposals. He has put a framework statement out to all Borough Operational Command Units to make it clear within the framework within which they can discuss these issues with borough councils. We are, at the moment, in discussion with borough councils and with local stakeholders about the "art of the possible" with no decision being taken so that those views can be brought back and enrich the debate internally and with the Metropolitan Police Authority about what might be the structure.

The Commissioner is very clear that the Safer Neighbourhoods model has worked very successfully for London and also that the borough-based policing has worked very well for London. Therefore, that has to be an open discussion with the Metropolitan Police Authority and with the boroughs about what can or cannot be done on that.

John Biggs (Chairman): I think that is a very good and solid and accurate answer. If we go back out - push the microscope back out - and look at the big picture, and we have got budget cuts coming ahead of us. You can do all sorts of administrative savings but the headline, if I get my slide rule out, I would say the Metropolitan Police Service, at the end of this four year budget process, will probably be able to afford something like 4,000 fewer officers than it has at

present. That is if you do a lazy calculation. You are trying to avoid that and I understand that. You have frozen the recruitment of police officers and so the reduction in police officer numbers is going to be greater than was planned last year, for example. Those are facts but they are fuzzy at present. Would you agree?

Anne McMeel (Director of Resources, MPS): The Commissioner has, throughout this process, said that we are facing difficult times and he is sure, at some point in time, that the Metropolitan Police Service will shrink over that period. Now how that shrinkage occurs is subject to the detailed plans that we are looking at. He has also been very clear that, as far as possible, he will protect operational capability. Therefore, we are looking at how we can do that within the financial envelope that we have.

We have not got, as yet, the final situation. As I said earlier on, until early December 2010 we will not get any clarity around what the position is on our specific grants and other income streams. Our policy, up until now, has always been that, if those income streams stop, then the activity would stop. If there are posts in terms of officers and staff posts then, if the income stream stops - say if there is a partnership borough and that income stream stops - the working assumption, up until now, is that we would have a reduction in officers and staff in terms of Police Community Support Officers (PCSOs) if that income stopped.

I do not think it would be right, or proper, for me to make any prediction about what the officer number change will be over the next four years.

John Biggs (Chairman): OK. I understand that. You have given a very comprehensive answer.

Joanne McCartney (AM): Her Majesty's Inspectorate of Constabulary (HMIC) came out with a report quite recently - Denis O'Connor [Her Majesty's Chief Inspector of Constabulary] was the author - saying that 12% budget cuts could be made by not touching police officer numbers but anything over 12% would touch police officer numbers. We already know with the recruitment freeze numbers are going to go down. Are you planning your figures on reduced officer numbers for the next four years?

Anne McMeel (Director of Resources, MPS): We are clearly looking at different proposals and the Metropolitan Police Authority has already seen some proposals; like the way we are changing our recruitment of police officers, which will change the overall headcount of the officer establishment because we would not have the recruits coming through in the same way. There are other areas where we are looking at: training, for example, where we are looking at a change in the training model that could, potentially, have a reduction in officer numbers. There is a difference in some cases between a reduction in officer numbers and a reduction in operational capability. There are proposals that will come before the Metropolitan Police Authority that do look at the changes in our overall establishment to reflect a changing model of delivering our business.

Joanne McCartney (AM): Earlier on, in the opener to Gareth's question, you said that we do not know what the Service will look like post-Olympics. You are looking at changing infrastructure now without damaging the Olympics but after the Olympics you talked about a new structure. I am wondering what you meant by a new structure. Was it some of the things that Richard was talking about? Is there a debate in the Metropolitan Police Service at the moment about a completely new structure post-Olympics?

Anne McMeel (Director of Resources, MPS): Probably that is loose wording by me. The Management Board, as you would expect, and indeed as per the question, is having a strategic look at what are the demands on it, post-Olympics, and, therefore, whether or not it has the right structure and the right functionality and how we might deliver that.

If you are looking at some of the stuff we are doing on finance and resource changes; that is looking at centralising some functions. HR has centralised some functions. If you look at how we change some of those support functions, that might, at the end of the day, have an impact on our senior structure within the organisation. There have been no decisions taken. We are just looking at what are the changes.

We currently, as from January 2011, will have an Assistant Commissioner Olympics and an Assistant Commissioner Central Operations, an Assistant Commissioner Specialist Crime Directorate, Assistant Commissioner Territorial Policing and an Assistant Commissioner Special Operations on all our specialist areas. We do not know, coming out of the CSR, exactly what will be the impact on the Metropolitan Police Service on things like the creation of the National Crime Agency. So there are issues like that that we are looking at that might impact on how we look.

John Biggs (Chairman): These are very technically accurate and proficient replies. The problem I have is - put it this way - we know that the Metropolitan Police Service is facing these sizeable budget cuts and we know that that will mean fewer staff and some reductions in services. We respect greatly your professionalism and your desire to bang down costs by cutting all those other things that are not external front-line services, but there is a risk in the way you are presenting yourself that it presents the Metropolitan Police Service as being an organisation almost in denial about the fact that, fundamentally, it needs to change.

Anne McMeel (Director of Resources, MPS): I can assure you, Chairman, the Metropolitan Police Service is not in denial in terms of what it is facing, but it has a very clear strategy of trying to do everything that it can, practically, to maintain operational capability. That is the work that we are currently doing and, until we get clarity, hopefully a bit more in December 2010, about what the prospect looks like over the next three years, it is difficult for me to give you any specific proposals at the moment, particularly since anything that the Metropolitan Police Service puts forward is subject to agreement and discussion with the Metropolitan Police Authority before it comes forward in terms of the Mayor's submission.

John Biggs (Chairman): When would you be able to tell us that then?

Anne McMeel (Director of Resources, MPS): As I said, the stuff that is coming from Government will be in early December 2010. We will probably not know some of the issues beyond that. This is an evolving process. We have got to make a submission to the Mayor by the middle of November 2010 and that will be done through the Authority.

Joanne McCartney (AM): The delivery of the Olympics is predicated on existing police numbers being there and an increase in PCSOs. If we have the recruitment freeze on at the moment and we have not got them, that seems to me an extra cost that you may have to bear because you may have to go to mutual aid if we have not got the officer numbers.

The Commissioner has also said that he does not see any big infrastructure changes until after the Olympics. Of course, after the Olympics, the Metropolitan Police Authority will not be there; it will be the directly elected Mayor and Police Commissioner. Is there an element here that you are not taking decisions in the initial two years because you would have to put them to

the Metropolitan Police Authority, and you are waiting for after the next Mayoral election, when we have a Police Commissioner and where the process will be different for getting any radical changes through?

Anne McMeel (Director of Resources, MPS): As you are aware, our policing plan looks at a three year view and, therefore, I would expect, in the early part of the next calendar year, we will be trying to produce that policing plan with the Metropolitan Police Authority, which will take a three year view of where we think the information that we have at that point in time takes us in terms of the financial envelope versus the priorities of both the Metropolitan Police Authority and the Metropolitan Police Service.

John Biggs (Chairman): If we could just move very swiftly back to TfL. This is the dead babies question for TfL. Crossrail will be a year later and the Tube will happen maybe a little bit slower. Where are the real cuts happening: the £2 billion cuts? What will stop happening in TfL and what are you looking at to achieve that?

Steve Allen (Managing Director of Finance, TfL): As I already indicated, part of that £2 billion is mitigated by the above budget income that we are currently seeing. Indeed, we had already identified some savings above our efficiency plans that are published in the business plan, so a significant amount of that mitigates the total budget cut. There are savings within the period from Crossrail. There is £1 billion of savings within the Spending Review years to be shared between us and the Department for Transport as the other sponsor.

Then we are looking at some of the lower priority programmes that are outside the areas that I have said are protected - Crossrail and the Tube upgrades - so some of the smaller areas of capital expenditure will be cut or deferred and some of the lower priority, or non-protected areas of operational spend, will also be cut.

Then, finally, we have talked about this strategic review of TfL structure and I would expect that to lead to significant savings over the period.

John Biggs (Chairman): You are not changing the number of projected bus miles for example?

Steve Allen (Managing Director of Finance, TfL): No. We are continuing to operate the same level of service on all of our operations.

John Biggs (Chairman): You are not rewriting your business plan? The one that came out a year or so ago?

Steve Allen (Managing Director of Finance, TfL): We will be producing a new business plan that reflects the new Spending Review settlement with the Government.

John Biggs (Chairman): OK. So there is the potential then that there might be further scaling back on bus miles, for example?

Steve Allen (Managing Director of Finance, TfL): No. Our expectation is that we can maintain the level of bus mileage within the settlement that we have got.

Richard Tracey (AM): I was at the press conference the Mayor held when the Commissioner also spoke. There was this talk about the transformational stage and the review of the whole structure of TfL which was being conducted. I seem to recollect the Commissioner said, on

20 October 2010, that it would be starting to be put in place in April 2011 or May 2011. Is there any update on that you can give us?

Steve Allen (Managing Director of Finance, TfL): The work is underway. It is at a fairly high level at the moment. I do not think there is anything that I could describe in terms of what the outputs of that review will be. I would expect it to be a significant reduction in the non-operational parts of TfL as a result of that review.

Richard Tracey (AM): That is the date for it, is it? Early summer next year?

Steve Allen (Managing Director of Finance, TfL): I think by the end of this year we will start to have some initial conclusions at a high level, ready to start implementation at the detailed level at the beginning of the next financial year.

John Biggs (Chairman): Headcount impacts from that?

Steve Allen (Managing Director of Finance, TfL): Because it is at that high level we do not have an estimate for headcount. There will be headcount impacts but I could not put a number on it at this stage.

John Biggs (Chairman): Currently there is a dispute because of ticket office staff reductions. You might anticipate further efficiency savings in the customer interface - if you want to call it that - the front-line?

Steve Allen (Managing Director of Finance, TfL): Not front-line in terms of station staff or drivers. It is not looking at the direct operational staff in that way; it is looking more at the way TfL itself organises itself. We will need to look for savings within the TfL structure and that might have some operational impacts in terms of people in customer contact centres, for example, but not in terms of station staff, drivers and so forth.

Mike Tuffrey (Deputy Chair): Chairman, I suspect you will end up this morning frustrated that none of the directors have offered up any dead babies - to use your metaphor. I was not expecting them to. It seems to me what we are trying to do with this question is establish whether the different functional bodies, in their separate ways, are taking on board the severity of the situation. I think, from this side of the table, Members across all parties would say that the level of reduction, although different - as we have established - as they are, will not be achieved just by back office efficiencies or even cross-functional bodies working and that we need to be looking to reengineer the services as TfL is talking about. What we are trying to establish is what the process is for doing that? I was not expecting anybody to turn up this morning and say, "Guess what? We are going to close half the Safer Neighbourhoods or shut half the fire stations".

Moving on to Fire particularly, because you are in a dangerous position in the sense that the first year settlement is not so bad as it might have been, you have gone through a process of finding savings; you have had an increase in precept and large reserves sitting there. There would be a danger, would there not, that people can sit through this first year without looking for the big savings? Can you tell us what process is going on to find ways to make 25% savings over that four year period?

Sue Budden (Acting Director of Resources, LFEPA): There is an internal process that the Commissioner is chairing: the Strategic Budget Review Group that meets very regularly to look at how savings might be achieved as part of a wider plan.

Our first focus has been 2011/12, inevitably, because we have a duty to set a balanced budget by the end of March 2011, so that has been the focus and was obviously the focus of the submission that we made in September 2010. We wait to see what happens in December 2010, but our internal process obviously continues, and then we need to have discussions with our Authority about how we might put together a wider plan that would take on board what we might need to do in future years.

Bearing in mind, as well, the Minister's statement around this is that back-loading is intended so the changes can be made without impacting on the quality and the breadth of services. That remains similarly to Anne's response in terms of the front-line; that is not where we are looking to make savings.

Mike Tuffrey (Deputy Chair): That is a troubling answer because that is precisely the fear I just said. In other words, because the first year is not so bad we will look for the long-term in the long-term, but all the evidence is to make major changes - to re-engineer services - you have to plan that several years in advance. You cannot just do it as part of an annual budgeting round. Fire is in the fortunate position of having a space to be able to invest - maybe increase some costs this year - to achieve much bigger longer term savings. What I heard you just say is, "We are getting through this year and then we'll think about a longer term process". It is troubling.

Sue Budden (Acting Director of Resources, LFEPA): We have an internal process that looks beyond the 2011/12 but our initial focus has been 2011/12. The settlement itself is predicated on back-loading in the final two years, so, whatever the announcement is in the beginning of December 2010, that would still give us a two year period to look into what that actually means for us in detail. I do not feel that we are not prepared.

Mike Tuffrey (Deputy Chair): We can clearly pursue this elsewhere in terms of the LFEPA itself, although I am not on its Finance Committee currently. Can I just pick up one thing? You talked about front-line. Do you have a definition of front-line? One of the things that is happening this year is questions about the funding of the Life Youth Engagement project. Is that front-line or is that not front-line?

Sue Budden (Acting Director of Resources, LFEPA): I think that is quite a difficult question to answer very precisely. When we are talking about headline of front-line for savings we are talking about numbers of fire stations, numbers of firefighters, numbers of appliances and response times. The true definition of front-line is not something I can give a precise answer to now.

Mike Tuffrey (Deputy Chair): Except that is the nub of the question isn't it? In other words, if we could invest in, for example, youth engagements so that the number of fires and incidents came down, then we would not need to have the huge infrastructure that we have got with the costs associated with it. If we neglect to invest in things like community investment - which is not typically seen as front-line because front-line is, typically, seen as stations and engines and personnel - we cannot make those longer term savings. That is really what I am trying to flush out. Are you thinking profoundly about how to re-engineer the Fire Service or are you just hoping to make economies year on year to balance the books?

Sue Budden (Acting Director of Resources, LFEPA): As I have just said, we have an internal process that is looking across-the-piece on these things. In terms of the community engagement, we do run a similar risk that Anne has flagged around where these things are

funded through borough contributions. That is something we need to understand the extent of and then see how we can close that gap ourselves. We are not alive to these issues; they are very much part of our planning process.

Mike Tuffrey (Deputy Chair): I know, as a Member of the Fire Authority, that you are not unaware of these issues. What I do not see is an aggressive active programme to get these things sorted out this year - when things are relatively benign - rather than waiting until closer to the process.

Roger Evans (AM): It is a relatively small question but an important one of course, given that freezing the precept is a headline policy of the Mayor, certainly for the first couple of years. The precept can be redistributed between the various groups that benefit from it. This is really a question for the Metropolitan Police Service and for the Fire Authority and, first of all, I think, most importantly for the Metropolitan Police Service. If the precept contribution needs to be changed, in other words a greater proportion of it needs to come over to the Police to protect front-line policing, the Mayor has said that he would be prepared to do that. Is that an option that you are considering at the moment?

Anne McMeel (Director of Resources, MPS): At the moment we are responding to the Mayor's Guidance which is on a precept freeze. Clearly, there are discussions ongoing at the Metropolitan Police Authority about what the impact of that would be, and what the options might be in terms of different changes in income streams: one of which is the precept.

Roger Evans (AM): How are you interpreting that Guidance from the Mayor? Are you interpreting it as a precept freeze to the total precept - in other words the amount Londoners pay does not go up - or are you interpreting it as a freeze to the precept element of your budget - in other words that element does not go up?

Anne McMeel (Director of Resources, MPS): The letter of 22 October 2010 actually quoted the figure and it is the same amount of precept income that we had in the current year.

Roger Evans (AM): Could I ask you, Sue, from the Fire Authority's point of view, if it did become necessary to weight more of the precept towards the Police Authority, is that something that LFEPA would be prepared for?

Sue Budden (Acting Director of Resources, LFEPA): I am aware it is an issue but, similarly to Anne, the Mayor's letter of just a couple of weeks ago said exactly the same: that we should work on the basis that our share of the precept remains the same and the cash figure remains the same for 2011/12. So that is what we are working with at the moment.

Roger Evans (AM): You are not planning for a shift in precept like that?

Sue Budden (Acting Director of Resources, LFEPA): Not planning for that. No.

Roger Evans (AM): Can I ask Martin Clarke, as the person who is at the centre of this storm, is that an option that is being considered by the Mayor centrally: to move the precept around?

Martin Clarke (Executive Director of Resources): It will be mentioned. We have mentioned the precept. These are factors that the Mayor needs to take into account when it comes to finalising his budget proposals.

You will see from the letters to the Police Authority and Fire Authority another part of the equation which will have an important bearing is that the Government has confirmed this £650 million to be available in each of the four years of the CSR period to incentivise local authorities to freeze their council tax for this year. If the Mayor decides he wants to have an overall freeze there is, potentially, a grant there of £23 million. How that is allocated can, in effect, give a different distribution of the precept. That is a new part of the jigsaw that we will take forward.

Roger Evans (AM): So you can reallocate grant even if you could not reallocate the precept?

Martin Clarke (Executive Director of Resources): You can reallocate the precept but the precept is what comes out the bottom when you take the budget requirement and you apply the grant: that is the precept. It is our understanding that grant, if you freeze the council tax, is a payment to the GLA and, therefore, the GLA will bring it into the budget requirement calculations.

Roger Evans (AM): We would like to seek reassurance, I think. You are clear that that deal which is available to local authorities is available to the GLA as well, despite the fact that some people might not say we were a local authority?

Martin Clarke (Executive Director of Resources): Yes. We have had the letter from the Secretary of State and the letter that went to all local authorities explains how it works for local authorities and for the unique circumstances in the GLA.

Len Duvall (AM): Can you clarify? Did you say for four years or is it for one year?

Martin Clarke (Executive Director of Resources): It is a one year freeze but if you freeze it for 2011/12 what it is saying is the grant is available over the whole Spending Review period as payment of that freeze.

Len Duvall (AM): Is that, on the bottom line, the precept that I receive on my council tax bill, or is it about the individual precepts that these functional bodies receive?

Martin Clarke (Executive Director of Resources): It is calculated on the basis of the police precept and the total of the rest.

Len Duvall (AM): So Police is separate?

Martin Clarke (Executive Director of Resources): In calculation, but we expect it to come as one grant.

Len Duvall (AM): I just wanted to clarify something else. Last year there was a shift of precept away from Police to Fire. I presume it was for a reason and this Committee realised that. That option is still available for the Mayor then - just for the record - that he can shift that away from Fire and back to policing if he so desires? There is an element of the policing precept that was shifted to Fire for, I presume, investment in something?

Gareth Bacon (AM): On that point, was it because the grant went up for the police? I believe it did, didn't it? The difference in the precept and spending was covered by the increase in grant which allowed the precept to be moved to fire. Is that correct?

Martin Clarke (Executive Director of Resources): If you look at the history right from 2000 there has never been a fixed allocation. It has changed each year, reflecting grant movements etc.

Len Duvall (AM): Just clarifying from last year, it was shifted away from the Police to Fire, and it could be shifted. I think Roger was trying to ask that question about planning. The Mayor has an option to shift back, if he so chooses - because grant will change - that element of the precept that was shifted to Fire back to the Police Authority?

Martin Clarke (Executive Director of Resources): Subject to Assembly decisions, the Mayor can propose different increases in budget requirements and the precept change just flows from that. It is part of the decision that the Mayor takes, with the Assembly, in February 2011.

Len Duvall (AM): Sorry to be pedantic. In scenario planning then, Roger's question to the Fire Authority, is it reasonable not to expect any of the functional bodies to take that into account then in some of their planning; what could happen or not, despite receiving a letter from the Mayor? Do you think it is wise for them not to have in the back of their minds that the Mayor - as we can see in the tidying up issues - may have to shift or take decisions on that? Should they not be thinking like that?

Martin Clarke (Executive Director of Resources): The letter went out on 22 October 2010. It was based on the information that was known at that time. It identified the unknown of what the final settlement is. The unknown then would be eligible to the grant scheme. As that gets cleared we will have continual dialogue to help organisations respond to --

Len Duvall (AM): It is just for clarity then. In answer to Roger's question, the Mayor has not closed that door? The answer to the question sounded like some of the functional bodies believe the Mayor has closed that door. You are clarifying that the Mayor has not closed that door and he still has that option, in answer to Roger's question. I think it is important for us to know for when we come to make our comments on how people are preparing for this.

John Biggs (Chairman): Item five on our agenda, as its appendix, has three letters, one to the police, one to the Fire and one to TfL. The one to TfL is fairly clear that it should assume it is going to get £12 million precept, as it has had for the last 3,000 years - I exaggerate slightly. The one for Police and Fire maintains and intended ambiguity about how much they are going to get so the Mayor is keeping his options open on the amount of precept they will receive.

Martin Clarke (Executive Director of Resources): Principally, not coming at it from a "setting the precept" perspective, there will be no advice on what the balance should be but the advice, which has been taken on board by the Mayor, is you cannot take a decision on that because we do not know how the incentivisation scheme is going to work, and we do not know what the grant settlement is. It is giving straight advice. He is not in a position to take that decision, even if he wanted to do it. Therefore, as a sensible working assumption, the guide is, "Assume no change". As I said, a mechanism if the Mayor wanted to take change would be through the allocation of that grant, rather than moving backwards and forwards between functional bodies.

Joanne McCartney (AM): If the Mayor sticks to a 0% precept, we believe we will get a £23 million bonus to the GLA. Did you say that that money is to be allocated to the next four years, as opposed to the next financial year?

Martin Clarke (Executive Director of Resources): No. That grant should be paid in each of the following four years. It is £23 million each year.

Joanne McCartney (AM): Every year?

Martin Clarke (Executive Director of Resources): The amount depends on what the tax base is. It will vary. The reward is available for each of the four years.

Joanne McCartney (AM): Year two he does not have to keep to a 0% to get it, or he still has to keep to a 0%?

Martin Clarke (Executive Director of Resources): No. In a way it is like compensation from the precept foregone in 2011/12 if you do not increase over the four year period.

John Biggs (Chairman): You are rewarded for each of the next four years on the assumption that you might have had a 2.5% increase?

Martin Clarke (Executive Director of Resources): Correct.

John Biggs (Chairman): It is interesting. Someone described it as taking away all your kid's pocket money and then giving them 5p back again. That is me being cynical; a tad cynical.

There are a couple more questions on the precept in my mind. One is that, you are the Director of Resources for the GLA but you work with all of the functional bodies and you have to have a strategy. You may have individual year-on-year tactics to deal with cash flow problems or unforeseen circumstances but you have to have a longer term strategy for the precept and how you are going to allocate it. Presumably you are thinking further about that?

The second question, which I want to hear you answer, is that we received notice about the LDA's grant disappearing. There are various functions from the LDA which will move into City Hall. It did cross my mind that this £23 million additional precept might have other calls on it in the core GLA for functions which were previously carried out by the LDA which, in future, will not be funded. Is that a thought that is being considered?

Martin Clarke (Executive Director of Resources): I think there are several sources of resource that will have more than one call on it. If the incentivisation grant is truly general I can see that. From 2013/14 the Government has been talking about the business bonus increase which could, depending on how it is implemented, be in the order of £40 million or £50 million a year. There are lots of calls. Therefore, at this stage, it is not really a strategy. The strategy is to keep all options open until the best decision can be taken, when we know what our best view of the future outlook is.

John Biggs (Chairman): I suppose the high level question then is we are going to be asking you about the core GLA at a future meeting but, within City Hall, leaving aside the fire, police and transport authorities, there are other demands then which might be satisfied by having a further call on the precept? Maybe the Mayor's annual fireworks display, for example. That is traditionally funded by the LDA but will not have any funds in future.

Martin Clarke (Executive Director of Resources): The Mayor will be consulting the Assembly, via this Committee, at your meeting on 24 November 2010.

Darren Johnson (AM): This is on spending priorities. To each of the functional bodies: what discussions have you had with the Mayor regarding priorities for spending and the specific areas that he said that he wants protected?

Steve Allen (Managing Director of Finance, TfL): Obviously, from the negotiations with the Spending Review, his priorities are to continue to invest in Crossrail, the Tube upgrades, maintaining levels of service on all our operational networks - the Tube, the buses, overground rail and everything else - continuing with a consistent fares policy and maintaining the level of concessionary fares. Those are pretty much the priorities he has set out.

Darren Johnson (AM): What are the implications then for the spending that is unprotected at TfL? Presumably, whether it is road safety, accessibility, travel information or whatever there is going to have to be much much bigger savings there?

Steve Allen (Managing Director of Finance, TfL): Yes. The implication is that areas that are not protected we will have to look for savings.

Darren Johnson (AM): They could be devastating couldn't they, given the balance between the protected and the non-protected?

Steve Allen (Managing Director of Finance, TfL): We will need to look for significant savings. I do not think they will be out of proportion to the cut to our non-protected grant - as it were. It will not be out of proportion to the 28% cut that we have said to the unprotected areas of expenditure.

Darren Johnson (AM): When will we get a clear indication of the level of spending for the unprotected areas?

Steve Allen (Managing Director of Finance, TfL): Clearly, we will respond to the Mayor's request for the budget for 2011/12 in the timetable required. In terms of the full business plan, I think that is going to be in the first quarter of the next calendar year.

Darren Johnson (AM): Can I just ask, while we are still on transport, about buses as well? The bus mileage has been listed as one of the protected areas, I believe, yet the bus service operators' grant has been cut by 20%. What are the implications there?

Steve Allen (Managing Director of Finance, TfL): That is not paid to TfL; it is paid to the bus operators. We would not expect there to be an initial impact on TfL's budget at all because it does not flow through to us. Clearly, it will have an impact on contract prices.

Darren Johnson (AM): Absolutely, that is what I am getting at.

Steve Allen (Managing Director of Finance, TfL): The bus market in London is very competitive, so we would look to the bus operators to absorb at least some of that reduction in their funding.

Darren Johnson (AM): We could be looking at an increase in the price of contracts as a result of this?

Steve Allen (Managing Director of Finance, TfL): You would expect it, other things being equal, to lead through into higher contract prices.

Darren Johnson (AM): Moving on then to LFEPA. What discussions has LFEPA had with the Mayor on priorities and protected areas?

Sue Budden (Acting Director of Resources, LFEPA): The Budget Guidance does not set out specific priorities for Fire. Our budget proposals that we put up in September 2010 work within the context of our existing London Safety Plan, so do not advocate any changes there. Then the letter that we have subsequently had acknowledges the ongoing uncertainty and just asks us whether we need to revisit our business plan. Beyond that, I have not had any specific discussions.

Darren Johnson (AM): Moving on to the Metropolitan Police Service and Metropolitan Police Authority?

Anne McMeel (Director of Resources, MPS): The Mayor's priorities have been set out in his guidance. The Commissioner's priorities remain very much safety, confidence, providing value for money and delivering a safe and secure Olympics. This very much mirrors the strategic framework set by the MPA, in terms of *Met Forward*, and aligns with the Mayor's priorities. So very much, going back to what I said earlier, in terms of trying to maintain our operational capability.

Darren Johnson (AM): The Mayor says he is increasingly confident that front-line policing can be maintained. What does that mean for officer numbers?

Anne McMeel (Director of Resources, MPS): As I said earlier on, we cannot determine at the moment, until we get more clarity around the finances, what would be the impact on officer numbers. At the moment, as I have said earlier on, we are trying very much to maintain operational capability and, where we are looking very particularly in terms of officer numbers, as a first look within our budget, it is very much on those areas that do not impact on front-line services and operational capability. Whether that can be maintained as we go forward is not clear at the moment.

As I said earlier on, a number of our activities are supported by specific grant and specific income streams and our policy, until now, has always been that if that funding stream stops then the activity would stop in terms of us trying to drive down those costs.

Darren Johnson (AM): In terms of Safer Neighbourhoods specifically, what conversations or directions have you had from the Mayor?

Anne McMeel (Director of Resources, MPS): I personally have not had any conversations with the Mayor on it. The Commissioner has very much said that he sees Safer Neighbourhoods as the bedrock of our policing function within London and that it has worked well for London in terms of community engagement, reassurance and delivering a better performance across the capital. He is very keen on maintaining that functionality.

Joanne McCartney (AM): I had two questions. One for transport: one of your budgets that I believe will be cut is your money that you give to local authorities. Have you any idea about how much you are cutting in the Local Implementation Plans (LIPs) funding?

Steve Allen (Managing Director of Finance, TfL): We would expect that to be in proportion with the cut to our non-protected lines of expenditure.

Joanne McCartney (AM): Which is around?

Steve Allen (Managing Director of Finance, TfL): 28%: by the fourth year of the period. It is a very back-ended profile for transport.

Joanne McCartney (AM): That is road maintenance on roads, road safety and cycling schemes that the boroughs deliver themselves? 28%?

Steve Allen (Managing Director of Finance, TfL): It goes to a number of borough programmes that they deliver on their road network, principally. A number of particular focus schemes.

Joanne McCartney (AM): Presumably some of those schemes will deliver the Mayor's priorities as well?

Steve Allen (Managing Director of Finance, TfL): Yes.

Joanne McCartney (AM): OK. So there is not a conflict there?

Steve Allen (Managing Director of Finance, TfL): Clearly, this level of cut, as was discussed earlier, is going to have some impact on some of the Mayor's priorities for transport. In choosing to protect certain areas there will be an impact on other areas. On some of the road areas, both TfL's own network and the funding that we provide to the boroughs, there will be an impact on the ability to continue development of small schemes and so forth.

John Biggs (Chairman): If I was looking for a garish headline - which, of course, I never am - the Mayor in his press conference signalled that he wanted to give priority to his cycle schemes, for example, so cycle highways and the cycle hire scheme, phase two, which is - I will get myself into trouble here - a bit of a bourgeois frippery in my view. The unprotected areas include mending potholes on the roads, for example. The Mayor has a very clear priority which is about the cycle scheme. I like bicycles. The quality of London's roads and the potholes in them and the risk of accidents and damage to vehicles will increase if the maintenance budgets on those are reduced. Every year we talk about budget cuts on highway maintenance and that seems like a pretty glaring example.

Steve Allen (Managing Director of Finance, TfL): The network that TfL is directly responsible for is at a high level of quality. Certainly compared to roads --

John Biggs (Chairman): So you are going to protect your own roads but not other people's roads?

Steve Allen (Managing Director of Finance, TfL): No. We are working with boroughs across London on more efficient procurement of highways maintenance work. We have a relatively new set of contracts that have driven out efficiencies. We are looking to share that experience with the boroughs so, effectively, get the same level of delivery for a lower level of expenditure.

Joanne McCartney (AM): My other question was for Anne. I think you said, in response to Darren, that, if there is an area which is linked to a specific grant and that grant goes, the Metropolitan Police Service will stop doing the work. The Commissioner has talked about the Police Service in the past having plugged gaps that it is not going to be able to plug anymore. I think it links to Mike's issue about loss of prevention work. My concern with both those issues is one of the Mayor's priorities is around youth violence and youth crime and a lot of those

preventative schemes are linked to specific grants. In a sense, the Police has plugged gaps that it traditionally perhaps did not do.

The LDA we know is going to lose money where a lot of those youth development programmes come from. Is that a concern and is that something you are taking into account when delivering budgets? Are you looking at the long-term planning and the long-term cost that arises from, for example, youth violence, as opposed to the initial outlay in preventative schemes?

Anne McMeel (Director of Resources, MPS): I think what I said was our policy to now was, if a specific grant or an income stream went, the presumption was that we would reduce down cost to match that withdrawal of income. That is still our planning assumption. That will not stop us trying to work with partners on how we can take forward some of these issues.

As the Commissioner said, we are, by our nature, in the reaction part of the spectrum in terms of dealing with some of these things. We do recognise the benefit of some of the preventative work and we would look at ways of dealing with those with partners but this cannot all move into the Metropolitan Police Service doing it because we have to ensure that we are delivering what we can within the resources that we have available to us.

Looking at what the demands are on the Metropolitan Police Service, the Metropolitan Police Service has never been a totally reactive force; it has always looked at how it can deal with some of the preventative work as well within its own resources.

Joanne McCartney (AM): So what positive action is taking place around this, for example? Are you actively talking at the moment to partners or is it something you say you will do but only if someone approaches you?

Anne McMeel (Director of Resources, MPS): I have no doubt that colleagues in all these specialist areas are talking to and working with various partners; not just the ones where income streams are attached to the function, and we will continue to do that.

In terms of the discussion earlier on around where we think we will be in 2014/15, part of it is looking at what is the landscape and who do we need to be working with to deliver the functions that we would need to deliver over that period. The Metropolitan Police Service has never totally worked on its own. It will not work on its own. It will work with those partners.

In terms of where we are at on the CSR, this is an evolving story and we have to adapt as we get more information around what the financial envelopes will be over the next four years.

Joanne McCartney (AM): Martin, are you expecting to have a greater role in pulling together some of these schemes of working for the Mayoral priorities around youth and youth crime, for example? Is anything going to be done at the GLA to ensure that partners are talking and are delivering those priorities?

Martin Clarke (Executive Director of Resources): To be honest, I am not party to the Mayor's decisions on how he is going to have to trim or change his priorities. My role at the moment is to give him as much clarity as I can on the financial options that are open to him. As has been said with many of the answers, we are at least a month or five to six weeks away from getting sufficient clarity for the Mayor to shape his budget proposals he is going to bring forward in the middle of February 2011. The Spending Review decision was two weeks ago and every other day more information is coming out, but the long-term settlements for Fire, for the GLA and for Police are not going to be known until December 2010. The GLA grant itself is a

direct negotiation with Government and that is only really going to start next week. I think that an awful lot of ground will be covered over the next month. I am trying to manage an expectation but we cannot give you that clarity now. My role though is to ensure that the Mayor is in the position to take those decisions as quickly as he can.

Richard Tracey (AM): I wanted to pursue slightly more this area of what is protected and what is not protected in TfL. The Chairman has quite rightly raised the point about road maintenance. If you are seeking to protect cycling in its various forms then road maintenance of the route network is terribly important. It is one of the big areas of criticism. Equally, one of the big areas of criticism is that you do not involve the boroughs sufficiently in helping to maintain those roads that you are responsible for. Surely this is a very short sighted saving isn't it? An area of specific saving.

Steve Allen (Managing Director of Finance, TfL): We do not believe that the savings that we would look to make from maintenance of our own roads will lead to any reduction in the quality of those roads. It is savings that are coming through more efficient contracting for those works.

I am not sure what your specific question around involving the boroughs in that work would be. We have contracts across areas of London which have delivered significant savings. I think if you were to fragment that by borough my concern would be that that would lead to cost increases rather than more efficient spending.

John Biggs (Chairman): The headline is that these unprotected areas are having a 28% cut over the period, which is quite a large sum.

Steve Allen (Managing Director of Finance, TfL): Yes.

John Biggs (Chairman): It is not just efficiencies, we would assume. Perhaps they are monstrously inefficient but it does not seem likely.

Steve Allen (Managing Director of Finance, TfL): It will not necessarily be a 28% line by line cut. Again, we will look at how that funding is allocated.

John Biggs (Chairman): Some will be higher than 28%?

Steve Allen (Managing Director of Finance, TfL): We will be cutting some lower priority capital expenditure. We will be cutting some lower priority operating expenditure more significantly than that. Some schemes will just be cut entirely.

John Biggs (Chairman): When will you be able to provide us with a schedule of what those will be?

Steve Allen (Managing Director of Finance, TfL): That will come with the business plan that we expect to publish in the first quarter of next year.

John Biggs (Chairman): So after the budget has been agreed?

Steve Allen (Managing Director of Finance, TfL): I am not sure exactly how it will fit in with that timing but it may well be, yes.

Richard Tracey (AM): I just feel that you really do not accept the criticism that we hear from our constituents and we hear from our borough councillors about the seeming lack of delivery on the TfL route network when it comes down to route maintenance. The councillors talk to their officers about particular maintenance points. It is very difficult for us ever to get through to make sure that the main route network is maintained. If you are talking about savings it will be even more difficult.

Steve Allen (Managing Director of Finance, TfL): I think in terms of questions about operational delivery of road maintenance they are probably not areas that I can respond to in detail.

John Biggs (Chairman): You are the money man but, nevertheless, you will be driven by performance indicators will you not?

Steve Allen (Managing Director of Finance, TfL): Sure. TfL's network is better maintained certainly than any of the boroughs in London and than the road network generally across the country.

Len Duvall (AM): When you talk about TfL we are talking about red routes are we?

Steve Allen (Managing Director of Finance, TfL): I am talking about the strategic road network, for which TfL is directly responsible. Yes.

Len Duvall (AM): My colleague was asking questions about the impacts on TfL in terms of its planning and what it is going to do. A lot of your buses use borough roads. They do not distinguish between red routes. The impact of going down some of those residential streets means there is wear and tear on the highways. What is TfL doing in planning the cuts? You are doing it for TfL; I am quite confident you can do it for red routes. I get that feeling that you are on top of that.

Should you not work in partnership with the boroughs about how they are managing that issue? It is their roads; presumably their choice. It is your money. You give it to them. You are cutting it. They are not going to be spending it on the roads that you might want to see maintained.

Steve Allen (Managing Director of Finance, TfL): I do not think we principally fund routine maintenance of the borough road network. I think that is funded through the borough's own funding. The funding that we give to the boroughs goes to local road improvement schemes and safety schemes.

Len Duvall (AM): Some of those surfaces that they have been using, that they combine with the Government grant that they get that is being cut, with your grant, are used together aren't they on some of those roads?

Steve Allen (Managing Director of Finance, TfL): Yes, I am just making the point that we do not directly fund routine maintenance of the borough road network.

We are working with the boroughs on better procurement of road maintenance across-the-piece and joint procurement using some of the contracts that we have had which have generated significant efficiencies in the maintenance that we undertake directly on our roads; letting them have the advantage of that to get better procurement of the maintenance on their local roads. We are doing exactly what you suggest in terms of much more joint working with the boroughs on maintenance of the whole road network.

Darren Johnson (AM): Just a quick question following up on some of the discussion on cycling. All the Mayor's cycling work now outside of the flagship projects on the super highways and the cycle hire are coming from LIPs funding aren't they now?

Steve Allen (Managing Director of Finance, TfL): There are specific cycling budgets outside the LIPs funding as well.

Darren Johnson (AM): Will there be any additional money for cycling in outer London that is additional to the LIPs funding or the funding on the cycle superhighway?

Steve Allen (Managing Director of Finance, TfL): I am not sure I can answer that in detail at this stage. There is a TfL cycling budget, there is money that we give to the boroughs through LIPs and then there is specific funding of the cycle hire scheme and the cycle super highways. The Mayor has said he will prioritise cycle hire and cycle superhighways. The other areas we will have to look for savings.

Darren Johnson (AM): But there will still be a budget for cycling that is additional to LIPs and the flagship projects?

Steve Allen (Managing Director of Finance, TfL): Yes, I do not think it will disappear entirely.

Andrew Boff (AM): Can I ask from each of the functional bodies what their own particular challenges are with regard to the barriers there might be to realising savings for not just next year but beyond as well? I am thinking particularly, for example, of the Metropolitan Police Service. You cannot make a police officer redundant. Therefore, that is going to be one of the barriers that you are going to have to realising any kind of savings that you might have to do in the future. I was wondering, from each functional body, what your own particular challenges are?

Steve Allen (Managing Director of Finance, TfL): I suppose the first point is that we have already got a substantial savings programme that we are partway through, so we are trying to find savings on top of having already identified some of the more obvious areas that have been talked about across Government as a whole. Clearly, we do need to work with our staff and consult staff and trade unions on any savings that have impacts on jobs or on any other aspect of their work. That certainly has timing impacts for how quickly you are able to implement any of those savings. Those are probably the key things for TfL.

Andrew Boff (AM): Forgive me, but consultation is going to be pretty much the same amongst all functional bodies should there be a need for staffing reductions. The consultation will have to take place anyway. I wondered if there was anything particular to your functional bodies.

One of the things perhaps you could address is whether or not you are putting a lot of faith in the plans that Nicholas Griffin has come up with, or his objective of shared services amongst the different functional bodies? If that does materialise that might be a problem for you. There are certain parts of your savings over which you do not have direct control, I am assuming, and, if they fall down, that is going to be a problem for you isn't it - what other people are doing?

Steve Allen (Managing Director of Finance, TfL): We have not predicated anything in our savings plans on savings from delivery of working with the other functional bodies. We have, as

you know, large savings targets already in those areas of joint working so those would be more means of delivering savings that we have already got planned. I do not think there is a specific risk to us from that particular programme.

Sue Budden (Acting Director of Resources, LFEPA): Similarly, we are at a consultation point but I take your point; that is a generic thing. One of the risks that we may face that links in with the back-loading is what the inflation interest rate position is two years out and knowing how that might impact on whatever our savings target is at that point.

In respect of shared services, the ones that we would be part of, we would be in at the discussion from the beginning; so we would be trying to shape it to make sure that it was achievable as part of our plan. There could be issues around specific savings at the smaller end of things. For example, one of the savings there is in the budget that we have already put up in September 2010 is around what we expect the level of the Audit Commission fee to be going forward now it has changed what its regime is. That is not in our gift. There will be ideas like that that we have that we need to make sure we see through.

Andrew Boff (AM): Would you need to build in some kind of contingency for the possibility of not realising some of your savings?

Sue Budden (Acting Director of Resources, LFEPA): I would prefer not to work that way because it just builds in more uncertainty. What we are trying to do, as part of the process, is have a wider list of savings options so you could pull something more concrete forward if something else did not work.

Anne McMeel (Director of Resources, MPS): I think some of this is a similar story. We also have some large savings already built into our budgets going forward; this is building on. You also mentioned the fact that, if we are losing police officers, you cannot make them redundant. That is partly reflected in our planning strategy of trying to move some of these other things first because, clearly, the Home Office has commissioned an independent review into terms and conditions. That will not come to fruition over the first couple of years of this planning cycle.

We have got issues around cultural change in terms of some of the ways that we are trying to change how the business delivers. We have also got unknowns in the second part of the planning period. As I mentioned earlier, the Home Office is looking to create a national crime agency. As has also been mentioned, there is going to be a different model of governance in terms of the Police Authority. We have also got issues around the National Police Improvement Agency being one of the quangos to be abolished but, clearly, that has functions that will have to be placed and will have to be paid for. It is how some of these unknowns are going to move into cost demands on us. We have got a lot of inter-dependency between some of the programmes that we are taking forward.

Within that context, and picking up what Sue said, we are also looking at having fairly ambitious targets but having some sort of resilience underneath it in terms of potential non-delivery. We are trying to work that into our planning assumptions.

Andrew Boff (AM): Effectively both LFEPA and the Metropolitan Police Service would have a Plan B savings that you may have to resort to should you not realise your Plan A savings? Is that how you look at it?

Anne McMeel (Director of Resources, MPS): I would not call them Plan B because we will be going ahead with all of them, but we will recognise that the speed of delivery might not be

as quick as we would want. If, as a business, we are saying that some of these things ought to be happening anyway, then we will be taking them forward and we will take them forward as quickly as possible. I think that we need to recognise that, particularly for an organisation the size of the Metropolitan Police Service - and a comment that the Chairman was making earlier on - it can take one or two years to lead in and start getting implementation on some of these issues.

We are looking at what we are saying as a business we need to do to take it forward, but recognising that some of that might not deliver quite as quickly as the predictions of colleagues within the service who are putting forward the proposals. There has been quite a challenge around some of the figures to ensure as much realism as possible in the figures going forward.

Equally, we are making assumptions about things like pay awards over the next two years and some of those areas. Whilst the planning assumption is for the next two years that there will be no pay award increases following the end of this current pay round. That will be subject to negotiation with the workforce and if that does not come out as planned, clearly, we would have to have something about how we manage that going forward.

Mike Tuffrey (Deputy Chair): Can I come in specifically on that point? I was going to say that nobody had actually mentioned pay and I see you mentioned inflation. Can we be clear of the position? TfL has a retail price index (RPI) plus 5% agreement?

Steve Allen (Managing Director of Finance, TfL): Plus a half.

Mike Tuffrey (Deputy Chair): Plus 0.5%. Sorry. That is still not a pay freeze. The Chancellor announced over the summer that it was looking for a public sector pay freeze for everybody over £21,000. If you have a standing agreement already for RPI plus 0.5%, that is still, with RPI going up, quite a big increase. Fire, what is the position in terms of the pay situation?

Sue Budden (Acting Director of Resources, LFEPA): The stated position is a pay freeze across all groups, both for this year and for next year.

Mike Tuffrey (Deputy Chair): Right. So the pay freeze is there in Fire. In terms of police, what is your current position?

Anne McMeel (Director of Resources, MPS): The current year is the last year of a three year agreement. The Commissioner has been clear that we will honour that and it has been honoured. There is a part impact of that into next year, but then the assumption is a pay freeze on all groups for the next two years.

Steve Allen (Managing Director of Finance, TfL): Just to clarify the TfL position. The London Underground staff are in the second year of a two year deal, so a new pay settlement will be needed from the next financial year. For the rest of TfL staff it is the second year of a three year deal, so it is one more year to run: the next financial year.

Mike Tuffrey (Deputy Chair): At this RPI plus 0.5%. So that, with RPI going up, is really quite significant. Whereas, in the other areas, essentially a pay freeze makes a very big difference because the sort of cuts we have been talking about which have had inflation estimates built in. That is a significant factor. If the planning assumption is for a pay freeze across the board, once these agreements run out, that makes quite a big difference does it not, in terms of the proportions of your budgets that are pay related?

Anne McMeel (Director of Resources, MPS): As you are aware, our budget, about 80% of it is pay related. We have been working on the cash reduction that we have in terms of grant and on the expectation that there will be a pay freeze over the next two years.

Mike Tuffrey (Deputy Chair): So in terms of this conclusion bit, in terms of the risks going forward, if a pay freeze does go forward once agreements have expired, then that is quite a big contribution to the overall picture it seems to me. That is a key issue to look out for; what is agreed on pay rates.

Joanne McCartney (AM): Anne, you said police officers cannot be made redundant. We have a recruitment freeze on at the moment so officer numbers are going down. Are you anticipating that the recruitment freeze will continue for the next one to two years?

Anne McMeel (Director of Resources, MPS): In order to deliver as much flexibility as possible in terms of going forward, a temporary pause has been placed on the recruitment of police officers. That does mean that the numbers will be less than our establishment at the end of this year. Until we can see the detail in December 2010 about where we think the settlement is going to go, and, indeed, the Mayor's final budget decisions, it is virtually impossible for me to make any comment about how long that freeze is going to go on for.

John Biggs (Chairman): Are any of your organisations actively seeking redundancies at present?

Steve Allen (Managing Director of Finance, TfL): We have the programmes that you know about both on Tube operational staff, non-operational, and non-operational staff.

John Biggs (Chairman): Fire?

Sue Budden (Acting Director of Resources, LFEPA): The budget submission that we made in September 2010 included a number of posts that would be deleted and 18 of those were filled with fire and rescue staff.

Anne McMeel (Director of Resources, MPS): As Authority Members are aware, on the basis of some of our change programmes based on reductions in the current year, the service is looking at potential staff losses in a number of areas and a redundancy scheme.

John Biggs (Chairman): OK. Can we thank you very much for coming today.

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Budget and Performance Committee 2 November 2010

Transcript of Item 5: The 2011/2012 GLA Group Budget – London Development Agency (LDA)

John Biggs (Chairman): We are dealing with the LDA because it is a very different sort of animal for two reasons. The second of which is that there was a budget announcement last week which was pretty catastrophic for the organisation. Did you want to tell us, in two minutes or so, an outline of where you are and the situation you find yourself in today - apropos budget planning for next year?

Angie Ridgwell (Group Director of Finance, LDA): As you are aware at the spending review announcement on 20 October 2010 the budget for the Department for Business, Innovation and Skills (BIS) and for the public sector was announced. The LDA has not yet been advised officially of its budget, so we do not know what our budget is. We expect to be advised, formally, by BIS, next week. However, Her Majesty's Treasury has indicated to us that, over the four year period, we have a settlement of £350 million, which is sufficient to cover our contractual commitments only. That settlement is exclusive of our administration and any transition costs - that would be notified separately - but it does include our obligations to the Olympics, and that funding strategy, we believe, is unaffected.

Our current position, therefore, is while we are very clear where the contractual commitments are, we are now reviewing those to understand exactly which projects will be going forward. We are also looking at continuing financial obligations and we are working very closely with the Board and the Mayor's advisers to identify what our next steps are.

John Biggs (Chairman): To summarise that position then, the Government is getting rid of the regional development agencies (RDAs). The LDA, being one of the RDAs, is not immune from that and so the amount of money you have been given is, more or less, purely the amount of money you need to shut the shop down. That involves, in some cases, commitments which enter into future years, so you do not lose all your money in one go. For example, the primary need for the Olympics is to pay off land debts and so on. There will then be some legacy debts inherited by the GLA once the LDA has gone. Is that roughly the case?

Angie Ridgwell (Group Director of Finance, LDA): We do not know at this stage what will happen to the assets and liabilities of the LDA when it folds into the GLA and we will need to wait for the White Paper to advise us. However, we are working closely with Martin [Clarke] and his team so that we are aware of those assets and liabilities and can prepare accordingly.

John Biggs (Chairman): We will come back to assets and liabilities in a minute then. The process you are working through is that, currently the LDA has something like over 300 employees, and that will be reduced to roughly 100 by April next year and, by April the year after: zero. Is that roughly the case? Can you tell us the process you are going through to achieve that?

Angie Ridgwell (Group Director of Finance, LDA): To be clear, we have been aware for a while now that the LDA would be folding into the GLA so we have been preparing for those circumstances.

John Biggs (Chairman): Although, for the record, at the Economic Development, Culture, Sport and Tourism Committee (EDCST), the Mayor's adviser, Anthony Browne [Mayoral Policy Director for Economic Development], advised us, about a week or so ago, that they anticipate enough budget to fund something like 150 staff coming over here. Now we are in a position, a week or so later, where there will be budget to fund no staff at all. That seems to be the case.

Angie Ridgwell (Group Director of Finance, LDA): Based on the indicative settlement we have - so we do have to be clear that the figure could be different when we are notified next week - what we are looking at is a fundamental revision of the structure of the organisation as we prepare for an orderly wind down and transition of any functionality into the GLA, or wherever needs to go depending on the White Paper.

Our proposals at the moment are that we have just started a 90 day consultation with staff about the reductions that will need to take place and we are looking to conclude that with a view to reducing the number of staff in the Agency by 31 March 2011, as you said, from about 324 down to about 108 at that point. Then, as we move through the year, we will need to review staffing levels to make sure they are maintained at an appropriate level for the demand and the requirements that we need to make sure that there is an orderly wind down of the LDA's affairs.

John Biggs (Chairman): The budget for redundancies: can you tell us what that is?

Angie Ridgwell (Group Director of Finance, LDA): We are putting together a detailed budget around transition or close down costs so that we can make a submission to BIS for funding for that. At this point in time I do not have the figures in front of me but we are looking at, clearly, a significant sum.

John Biggs (Chairman): So the figures that have been reported in the press do not include a sum for redundancies? You would have to make a separate bid to the Government for that?

Angie Ridgwell (Group Director of Finance, LDA): The £350 million indicative settlement that we have excludes administration and transition costs. We understand that BIS has a separate pot of money to fund all of those costs for all RDAs and we will be looking to identify how we access those funds in due course. I anticipate, again, when BIS notifies me of the grant, it will also advise us on those facts.

John Biggs (Chairman): Can you tell us, roughly, what the LDA level of funding next year would be for regeneration, youth programmes and international promotion?

Angie Ridgwell (Group Director of Finance, LDA): Ultimately, excluding the Olympics, we believe next year we have £56 million towards our themed budgets. Again, this is supposition; we need to make sure, when we have the details from BIS. Of that, I would expect, roughly, £11 million to fund regeneration, £11 million to fund business support and about £15 million for sustained employment. Also, there is about £10 million for climate change.

John Biggs (Chairman): So nothing for international promotion, for example? Or for youth?

Angie Ridgwell (Group Director of Finance, LDA): Some elements of youth are included in the sustained employment theme that the Agency runs.

John Biggs (Chairman): So some of the Mayor's youth programme but not all of it?

Angie Ridgwell (Group Director of Finance, LDA): Some of them, yes.

Darren Johnson (AM): Can I just check that that £56 million is all contractually committed spending then?

Angie Ridgwell (Group Director of Finance, LDA): £56 million. We have to be very clear here that we have not been notified of our budget formally, nor have we been notified how that is annualised over the four year period of the spending review. What we have been advised is that we have been allocated sums which are sufficient to cover our contractual commitments, so we have referred back to the returns that we have sent to BIS which indicate our contractual commitments.

John Biggs (Chairman): I do not want to personalise it but if these had not been nailed down by commitments, the Secretary of State would, presumably, have not funded them either? That is my guess isn't it and you cannot possibly answer that question?

Have you started looking then at the knock-on effects of this about delivery partners and so on? Clearly, if you are losing 300 staff from the LDA over the next 15 months, then there will be people out there losing quite a few other staff as well. Business Link, for example, is a contract provided by another party on a contract. International promotion by Think London, Visit London and those other London promotional agencies; they will presumably have no funding and lose their staff as well. Have you been thinking through the implications for those you are contracted with?

Angie Ridgwell (Group Director of Finance, LDA): In the LDA we have been scenario planning for a little while around what may or may not be the outcomes of the spending review and we have been in dialogue with our stakeholders. Indeed, we did send out a communication to our stakeholders shortly after we had the initial in year cuts - which you remember we had to face around June 2010 time - to advise them that we were expecting a difficult settlement and to keep the dialogue going. We are planning and preparing about the impact on our stakeholders and we have been thinking that through as well.

The other matter is there are some items of expenditure which we understand that BIS would intend to deliver on a national scale and we are not clear, at this stage, how those services might be funded.

John Biggs (Chairman): So there might be some contracts (for example, with Business Link) that might be funded nationally?

Angie Ridgwell (Group Director of Finance, LDA): Potentially, yes. I honestly do not know that situation.

Mike Tuffrey (Deputy Chair): That the LDA, and indeed all the RDAs, were going to be abolished comes, as you acknowledged, no surprise. Both coalition parties had it in their manifestos. It was always the intention of replacing the network of RDAs with selective assistance and we have already seen some of that happening in terms of the local enterprise partnerships being launched and the regional growth fund for £1 billion. So there is another

side to this debate which is are we profiting and ready to gain for the replacement mechanisms; but that is not what we are here to do today. What we are doing is to understand what is actually happening to the LDA in budget terms.

What is a surprise to me is I was expecting the RDAs and the LDA to run through to the scheduled abolition date at, more or less, full steam, or full steam minus the overall reductions that we have seen elsewhere. What I am reading this announcement as being is, effectively, shutting up shop now - in other words some 18 months early - and simply running off contractual commitments. Is that a fair categorisation of what has changed?

Angie Ridgwell (Group Director of Finance, LDA): The LDA's position is that it will look to be very clear about what its contractual commitments are and it will be looking to deliver those within a value for money context as effectively as it can. At the same time it will prepare for an orderly wind down and transition of any functions into the GLA, or any subsequent bodies.

Mike Tuffrey (Deputy Chair): Yes. That is how you are going to handle the announcement. I am probing what the announcement really is. What I am positing is that, effectively, what we have been told is that this is the earlier than I was expecting abolition of the LDA and that all that, therefore, is going to happen, from this point through to the scheduled abolition date, is the orderly wind down.

Angie Ridgwell (Group Director of Finance, LDA): And the delivery of existing contractual commitments.

Mike Tuffrey (Deputy Chair): Exactly. If you have an existing contract I would categorise that as an orderly wind down because you have a legal obligation. You have prefaced this with saying you do not actually know until it is announced, but are you expecting that there will be no discretionary funds available for things that are not already contractually committed?

Angie Ridgwell (Group Director of Finance, LDA): The LDA's position is that it is looking to review all of its contractual commitments and do its due diligence on those to ensure that they will continue to deliver value for money. For example, we have to bear in mind sometimes you have contractual commitments which are proceeding a more major project in the future. It may be that a review indicates that it would not be appropriate to continue with that contractual commitment and we might look to vary it; if that is at all possible. If we are able to create capacity then we will be looking to divert resources to deliver priority services.

Mike Tuffrey (Deputy Chair): There will be some contracts that have cancellation clauses, for example, which could be exercised. You cannot answer until you know what the funding is as to whether that would create some slack to do other things, albeit in the wind down period.

Angie Ridgwell (Group Director of Finance, LDA): Absolutely. We are doing our due diligence, as you would expect, on all that work, moving forward.

John Biggs (Chairman): I do understand that, previously, the anticipation was the LDA would be wound down and its activities brought into City Hall and there might be continuing funding. Even if that is not the case there will be some obligations or expectations of LDA-type activities in City Hall and so there is a transition team which you and your Chief Executive and, presumably, Martin and the Chief Executive at GLA are involved in.

Martin Clarke (Executive Director of Resources): Yes. There is a significant structure devolution programme Board and working groups dealing with the potential transition of LDA functions.

John Biggs (Chairman): At our meeting in November 2010 I think the Chief Executive will be coming and maybe he will answer some questions on transition. I do not know whether Mr Rogers [Chief Executive, LDA] will be available then as well.

Mike Tuffrey (Deputy Chair): Is London being treated, in any way, differently from the other RDAs, or is the same process of contractual commitments applying nationally?

Angie Ridgwell (Group Director of Finance, LDA): My understanding is that BIS has resources to satisfy all the RDAs contractual commitments through until close down.

Mike Tuffrey (Deputy Chair): But no more. The bottom line is we are not being treated worse than anywhere else?

Angie Ridgwell (Group Director of Finance, LDA): Absolutely.

John Biggs (Chairman): This is possibly not a question that you can answer; it may be for the Chief Executive or for Peter Rogers or, indeed, the Mayor. There was an assumption that London might be treated differently in that there would be a continuing economic development activity within the GLA. I think that is what most of us round this table assumed from all parties, but it appears not to be the case.

Mike Tuffrey (Deputy Chair): Yes, but there was no guarantee there was money for that.

John Biggs (Chairman): No. One assumed there would be some form of bidding process. I was tempted to ask Martin whether he was aware of the GLA or anybody having sought funding for this?

Martin Clarke (Executive Director of Resources): With LDA colleagues there has been a lot of engagement with the relevant Government departments, the Comprehensive Spending Review (CSR) process and making submissions of what we think is required to do economic development in its widest sense in London. Discussions are still going on. A key milestone will be the announcement next week from BIS but there will also be discussions with the Department for Communities and Local Government (DCLG) on some of the Olympic-related funding, which will be for DCLG to fund and not BIS.

John Biggs (Chairman): When Anthony Browne advised the EDCST Committee that he was anticipating the funding to employ something of the order of 150 staff he must have been assuming that there would be funding for LDA-type activities into the future.

Martin Clarke (Executive Director of Resources): I do not know the basis of him saying that but I would assume he would have based that on the Mayor's submission to the spending review.

Darren Johnson (AM): I share the Chairman's analysis of the situation. I think everyone was working on the assumption that some of the budget would be folded into the GLA as well as the functions of the LDA.

It does now pose big questions for the Mayor's own priorities if some things are not going to be done at all in the LDA because it is going to be wound down much quicker than expected with no budget. That does mean that the Mayor's priorities for the core GLA will have to be rethought. What process is in place for that?

Martin Clarke (Executive Director of Resources): You might have seen, last Friday, a message to all staff of the GLA highlighting the fact that the GLA itself would be affected if the reductions in the LDA funding is as we expect. What has now started is a process identifying the potential affected areas. Then there will be a process of dialogue with the Mayoral advisers to the extent of what priorities need to be reshaped.

The GLA will, in effect, be affected, like many other partners, in three different ways. We have teams and activities funded from the core GLA budget but oversee programmes delivered by the LDA and its partners. We have teams that deliver programmes for which we get grant funding from the LDA. We also have teams which are part-funded by the LDA; looking at the impact and looking at the options has started.

Darren Johnson (AM): That is quite a big task ahead in a short space of time because you have got all the LDA priorities which the Mayor was clear about; you have got all the GLA priorities and now with only a fraction of the budget to deliver both - assuming the Mayor wants to continue some of the LDA priorities through the core GLA.

Martin Clarke (Executive Director of Resources): There has been close working with the appropriate Mayoral adviser as part of a devolution programme so that engagement and the structure to take it forward is there.

Len Duvall (AM): Could we be very clear then. There are job implications within the GLA because of some of the funding. Am I right that in terms of some of the problems around programmes like Time for Action, are that some of our staff are funded by the LDA? Have I got that wrong? What are the job implications?

Martin Clarke (Executive Director of Resources): I do not think we can highlight any particular group of staff because, as Darren's question says, the Mayor may decide to reprioritise. We do have activities and we do have staff either overseeing or party to services being delivered by the LDA, or being funded by the LDA. In essence, this could be a form of grant cut.

Darren Johnson (AM): We could see major cuts to core GLA services currently provided by City Hall in order that the Mayor can continue to fund those priorities that were previously funded by the LDA?

Martin Clarke (Executive Director of Resources): I cannot really answer that until we know - hopefully next week - what the LDA settlement will be and until we know what the GLA settlements will be. In the previous part of the meeting I said negotiation on the GLA grant has yet to start. That is now starting and is an important factor.

Darren Johnson (AM): Let us hope that that is not zero as well.

John Biggs (Chairman): Currently, the GLA does not have the powers to do a number of the things that the LDA does, so it cannot acquire land and carry out a range of activities that RDAs are statutorily allowed to carry out. That makes it a bit more complicated. The GLA is bidding for resources to do some activities that have been funded by the LDA?

Martin Clarke (Executive Director of Resources): Yes, the initial part of this discussion was on the basis of if these new powers come to the GLA.

John Biggs (Chairman): Another part of this then is that the LDA has always had a zero precept but, in principle, if there are LDA activities you wanted to continue, you could fund them by allocating precept money to the LDA?

John Biggs (Chairman): It seems unlikely but it is possible you could do that. Are there discussions about this range of options?

Martin Clarke (Executive Director of Resources): Yes. As I said earlier, we will look across the piece at what is the funding for the whole GLA group. What are the real Mayoral priorities? Does he want to reprioritise or make his priorities look at other funding sources? I said there is going to be this incentivisation grant etc.

John Biggs (Chairman): Over 200 staff are going to lose their jobs, on the basis of us doing an examination of announcements made in Parliament and elsewhere, but we have not yet had an announcement from Government on what our grant will be so we do not formally know that that is the case; we just have got a pretty sensible guess that that is the case. Is that right?

Angie Ridgwell (Group Director of Finance, LDA): We have started a formal consultation now in order to make sure that we give staff as much notice as possible in order to manage their own affairs and to make sure that they can make informed decisions. That also enables us to process the definitive information when that comes through from BIS next week and design structures accordingly. Through the consultation process, what we are doing is maximising the knowledge and preparation time for staff in dealing with some very difficult circumstances, but we still maintain the flexibility to respond to the final settlement when it is announced.

John Biggs (Chairman): There is a foot note on page 193 of the CSR which leads you to conclude that you are not going to get any money next year and so you have to make staff redundant, but the Government has not got round to telling you that that is the case yet. Is that too unfair on the Government?

Angie Ridgwell (Group Director of Finance, LDA): We have been told, informally, by HMT who has indicated what the settlement is, and that is in line with the conversations that it has had with other RDAs.

Len Duvall (AM): Someone dropped the ball between the LDA and the GLA around not realising the working assumptions that people were working to; and it is a lot worse.

I want to explore the words being talked about - and it may be use of language - commitments and contractual. In that breakdown of the figures that you earlier mentioned, are the monies really for contractual commitments? Could you explain what the impact of that is on the sports programme which is LDA-funded by a Mayoral direction? Is that seen as a commitment or is that a contractual issue and is that, therefore, safe in the sum of money that you have mentioned?

Angie Ridgwell (Group Director of Finance, LDA): We are required, each quarter, to fill out forms for BIS which records the progress of all RDAs. It has protocols about how we fill those forms in. One of the protocols is we have to identify those schemes which are contractually committed. Through our project management system we identify those through various flags

and systems. That is how we have constructed the return on which we understand the decisions about funding have now been made. Within that return that was included in September 2010, the element of about £8 million for sports was flagged as contractually committed and, therefore, that is included in the sum. Again, like all other contractual commitments, we will be reviewing that to see if there are any degrees of flexibility which the LDA may wish to adopt in order to look at other investments.

Len Duvall (AM): Presumably someone in an emergency someone is talking to Government to say, "There are some issues here at the margin you have not quite taken into account on those forms because of that criterion". Is that going on now? Is there a sense of urgency? Quite frankly, I have heard a number of things that do not quite tie in with me. One of your earlier answers, in relation to what one of our Conservative colleagues asked you, was, "It's not my job but someone else". Who is the ringmaster or ring mistress who is bringing this together to start looking at what the interaction is between the different functional bodies and the impact? I think you highlighted, earlier on, some of the implications for the GLA. Where is that?

Martin Clarke (Executive Director of Resources): Two points. Yes, there is detailed engagement between the GLA and relevant parts of Government on trying to understand and shape the settlement which we think will be announced next week. At the moment that is, on the officer side, being led by Jeff Jacobs [Deputy Chief Executive; Executive Director, Communities and Intelligence and GLA Monitoring Officer] and, on the Mayor's Office side, it is being led by Sir Simon Milton [Deputy Mayor and Chief of Staff]. It is involving the Mayor.

Len Duvall (AM): In essence you get two slices of the cake here; you get the LDA discussion and then you mentioned yourself, in the GLA, that you could make an extra submission --

Martin Clarke (Executive Director of Resources): Yes. At the moment it is trying to get absolute clarity of what you mean by contractual commitments. As Angie explained, getting absolute clarity has included the Olympics but then, also, trying to understand, as has been said, the other sources of funding that is becoming available to CSR. How are they available to the LDA/GLA? Also, pushing, regardless of what the quantum is, if the settlement is what we think it will be, is getting the greatest flexibility over it.

Len Duvall (AM): We worked on the assumption that, under the deficit, there would have to be a reduction. The assumptions that everyone was working on - and I presume the LDA were working on - were around 30%. At some stage, we were going to get a sum of money that would run on activities in a new LDA era, i.e. inside the GLA. We are not there now at the moment. This is crisis territory. There are some issues the LDA is going back to seek clarification on; not about the crumbs at the margin of what you get on extra grants. Is there an emergency discussion going on, including when you put in the GLA submission for grant, to take into account the catastrophic nature of the announcement that is being made on economic development activity in London? Outside here, business and others - never mind the job losses - just do not get the information from your good selves on what is happening?

Martin Clarke (Executive Director of Resources): Yes. I have tried to say it is. At officer level it is being led by Jeff [Jacobs], but it involves lots of people from across the LDA, the Mayor's Office and the Mayor himself. It is not just looking for the narrow contractual commitments; it is making our case for wider funding.

Len Duvall (AM): Can we get access to that information to understand the programmes that you are trying to protect and rescue something out from this debacle?

Martin Clarke (Executive Director of Resources): I cannot see why not.

Len Duvall (AM): That would be very important, to be honest. Can we also have access to the papers that the Mayor submitted to the CSR on the LDA aspects, to understand what he asked for if there were additional ones, or was that a separate process?

Martin Clarke (Executive Director of Resources): The Mayor made a submission. You must request the Mayor to have that submission.

Andrew Boff (AM): Almost on that line, could we get a list of those GLA posts that are funded by the LDA?

Martin Clarke (Executive Director of Resources): Yes. That work is just clarifying that. This will be addressed in the report you are going to get on 24 November 2010.

John Biggs (Chairman): The LDA owns quite a lot of land, particularly in the east of London, and it also has liabilities, particularly, but not just, Olympic debt liabilities. Some of that land has ongoing liabilities; it is contaminated and it has security and other costs associated with it. How are you dealing with the asset and liability side of the wind down?

Angie Ridgwell (Group Director of Finance, LDA): At this stage, as I said before, it is not clear what will happen to the assets and liabilities when the LDA folds into the GLA. We have ongoing work at the moment - a detailed programme of work - to analyse all of our assets and liabilities so that we can make sure that they are all recorded and, particularly, all embedded assets and liabilities are recorded and open so that we can make sure they are retained to the public purse moving forward. We are doing a lot of work to make sure that our balance sheet is maintained and up to scratch and we know exactly what is going to be transferred.

John Biggs (Chairman): There would have to be some longer term legacy arrangements. I know, for example, when you acquire land, very often there are compensation claims going on for years afterwards and somebody has to grab the responsibility for that. You are looking at those sorts of issues or is Government taking them from you?

Angie Ridgwell (Group Director of Finance, LDA): At this point in time, through our due diligence programme, we are making sure that all those issues are identified. Clearly, we are well aware of the issues around the Olympics and some of the other major compulsory purchase orders initiatives that the LDA has carried out in the past; we have those identified. We are just doing a more detailed due diligence to go through all of our contracts to make sure particularly any assets which are rights over land - which perhaps can be exercised in five or ten years time - are there and are obvious and we make sure that they are passed on overtly as well.

John Biggs (Chairman): Are there any incidences where the Agency anticipates being sued because of no longer meeting expectations from people?

Angie Ridgwell (Group Director of Finance, LDA): I am not aware that we have any such legal challenges against us.

Mike Tuffrey (Deputy Chair): Obviously, I do not know the total potential value of those assets, or the difference between the assets and the liabilities, but assuming that is positive it seems to me this is the most important thing to focus on; that these assets are not, essentially, nationalised but remain in London. In other words, they do come across to the GLA.

The surprise - going back to Len's point - is that the winding down is happening much more suddenly than we thought but I never presumed, once the LDA was abolished, that somehow all its funding would just magically carry on. Once you abolish a national programme there is no money to come back. That would have to come from somewhere else. It was a question of London bidding in to these successor schemes, whether it is Local Enterprise Partnerships (LEPs), or the regional growth fund or whatever is put in place. The assets, it seems to me, are the thing to focus on. Once a national programme has gone, they are not going to keep a London element of it just because they like London; it has gone. We have to tap into other things. The crucial thing to salvage from this are the assets, it seems to me.

Angie Ridgwell (Group Director of Finance, LDA): Again, we have been supporting the Mayor's advisers and the GLA with details of our assets to make sure that those requests are very forcibly put forward.

Mike Tuffrey (Deputy Chair): Otherwise the Treasury will take them back and sell them off.

John Biggs (Chairman): Currently your bit of the GLA does not have the power to hold large land assets, or does it?

Martin Clarke (Executive Director of Resources): I understand we do not. I am sure I have heard the lawyers say.

Can I just add on to Mike's point about the assets? Yes, it is uppermost that they should be transferred to the GLA. The Government has not decided; the Government has different views. The Treasury's view is we have to make the value for money case. Then it comes to DCLG and BIS. We are certain we can make that value for money case. That is part of the ongoing work on lobbying at this stage.

Mike Tuffrey (Deputy Chair): I had not realised there was a lack of power. One of the Decentralisation and Localism Bill's new things that are coming in is to extend the general power of competence I thought. Is there a need for us to be making a case to be given asset-owning powers?

Martin Clarke (Executive Director of Resources): It is being picked up in the Localism Bill. It has been recognised that we need those powers.

John Biggs (Chairman): The Mayor's Office is of a similar mind; that the land assets should rest with the GLA?

Martin Clarke (Executive Director of Resources): Yes. I have not come across any dissenting views whatsoever!

Len Duvall (AM): Logically they might go to these new organisations that are being established: LEPs?

Martin Clarke (Executive Director of Resources): I do not think LEPs are an organisation. As I understand it, they are more of a partnership.

John Biggs (Chairman): I think there is not going to be legislation. They are going to be like urban regeneration companies. Anyway, let us not get too technical about it.

Martin Clarke (Executive Director of Resources): LEP money, as I understand it, is really programme money so it does not provide ...

Mike Tuffrey (Deputy Chair): Organisations doing things.

John Biggs (Chairman): The due diligence exercise you are carrying out. What is the timeline for that?

Angie Ridgwell (Group Director of Finance, LDA): We are commencing that. It is being scoped out. We have started the work identifying all of the projects. It is going to be a lengthy process as we go through the wind down process over the next year, so we are anticipating that it will take a significant period of time.

John Biggs (Chairman): Obviously in terms of the budget process and the bidding process, the Mayor's Office and ourselves would like, sooner, to have some clarity on this.

Angie Ridgwell (Group Director of Finance, LDA): Absolutely. We have prioritised existing commitments and those contracts are being, hopefully, looked at as we speak.

John Biggs (Chairman): OK. So when we meet in November 2010 it would be very helpful to have an interim position on that.

Angie Ridgwell (Group Director of Finance, LDA): Absolutely.

John Biggs (Chairman): Can we thank you very much for coming.

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Subject: Summary List of Actions

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 24 November 2010

This report will be considered in public

1. Summary

- 1.1 This report sets out details of actions arising from the previous meeting of the Budget and Performance Committee.

2. Recommendation

- 2.1 **That the Committee notes the outstanding action arising from the previous meeting of the Committee, as listed below.**

Action Arising from the Meeting of 2 November 2010

Agenda Item	Topic	Status	Person
6	<p>The GLA Website (Item 6)</p> <p>To provide the Committee with an interim position on the due diligence exercise being carried out, details of the LDA's initial review of its contractual commitments and a timescale of when further due diligence work is expected to be complete.</p>	In progress	Group Director of Finance, London Development Agency

Background Papers: Minutes of the Budget and Performance Committee meetings of 2 November 2010.

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Subject: Draft GLA Budget 2011-12

Report to: Budget and Performance Committee

Report of: Chief Executive & Executive Director of Resources

Date: 24 November 2010

This report will be considered in public

1. Summary

1.1 Members are asked to respond to the Mayor's initial budget plans for the GLA for 2011-12.

2. Recommendation

2.1 **That the Committee responds on behalf of the Assembly to the Mayor's consultation on his Draft GLA Budget for 2011-12.**

3. Background

3.1 The GLA Act requires the Mayor to consult the Assembly on his GLA budget plans for next financial year before going out to consultation on GLA Group plans. The consultation document is appended to this report.

4. Issues for Consideration

4.1 The issues arising are highlighted in the appended report.

5. Legal Implications

5.1 Under paragraph 1 of schedule 6 of the Greater London Authority act 1999 (the 'Act') the Mayor is responsible for the preparation of a component budget for the Authority and each of the functional bodies, Transport for London, London Development Agency, the Metropolitan Police Authority and the London Fire and Emergency Planning Authority. The Mayor must also prepare a consolidated budget for the Authority, consisting of the component budgets for the Authority and each of the functional bodies. The Assembly's role is to scrutinise the budgeting decisions of the Mayor, to approve the Mayor's Budget (with or without amendments) and to set a budget in the event that the Mayor does not do so in time.

- 5.2 Whilst the duty to prepare a component budget for the Authority and that of the four functional bodies rests with the Mayor, under paragraph 2(3) of schedule 6 of the Act, the Mayor must consult the functional bodies before preparing their draft component budget requirements. Further, under 2(2) of schedule 6 of the Act, the Mayor must also consult the Assembly before preparing the draft component budget for the Mayor and before preparing the draft component budget for the Assembly. Under paragraph 2(3) of schedule 6 of the Act, the component budget requirements of the Authority and the functional bodies together constitute the consolidated budget requirement of the Authority.
- 5.3 The determination of the component and consolidated budget requirements is expected to take place between December (when central government's provisional financial settlement is published) and before the end of February when the budget must be finalised in accordance with paragraph 8(7) of schedule 6 of the Act.
- 5.4 The decision-maker is required to consider consultation responses. However, a rational reason is required for a decision to make or not to make changes in response to consultation replies. The budget requirement set by the Mayor can be "capped" by the Secretary of State under part IVA of Local Government Finance Act 1992. Under section 66 of the Local Government Finance Act 1992, the Authority's calculation of its budget requirements may not be questioned except by way of judicial review. This restriction applies so long as the GLA's calculation was made in accordance with the statutory procedures.
- 5.5 Expenditure or activities undertaken by the GLA must, as a statutory body, be based on the specific statutory powers given to it. Expenditure should only be budgeted for activities which fall within those statutory powers and can only be spent for such purposes whether budgeted or not.

6. Financial Implications

- 6.1 Financial issues are integral to the consultation document.

List of appendices to this report:

Appendix 1 – Draft GLA Budget 2011-12

Local Government (Access to Information) Act 1985
List of Background Papers: None
Contact Officer: Tom Middleton Telephone: 020 7983 4257 E-mail: tom.middleton@london.gov.uk

Draft GLA budget for 2011-12

15 November 2010

1. Background & summary

Background

- 1.1 The Government announced the high level outcome of its Spending Review for the period 2011-12 to 2014-15 on 20 October 2010. There still remains a considerable degree of uncertainty as to its implications for the GLA group. While TfL already has grant figures for each of the four years, the MPA, LFEPA and the GLA will have to wait for the local government settlement (expected to be in early December) for their annual grant levels for next financial year and beyond. Meanwhile the LDA is expected to face a tight settlement and to be informed of the details later this calendar year.
- 1.2 It is within this context that the draft GLA budget for 2011-12 has been assembled. As a result the plans being presented come with strong caveats and are liable to change in the light not only of the GLA's own settlement due in December but also of the LDA settlement expected shortly. The LDA settlement is particularly important to the GLA given the inter-connected nature of many GLA and LDA programmes.
- 1.3 The high degree of uncertainty means that the GLA, in common with many other public bodies, is not in a position to submit a draft strategic plan at this stage. It also means that it is not possible to be definitive around the future of those GLA functions currently funded by the LDA.

Summary

- 1.4 The Mayor is presenting to the Assembly for its views a package of savings amounting to a net savings figure of £3.37m, which is equivalent to a 7% cash saving on the GLA General Grant of £48.136m for 2010-11. The composition of the savings package for the GLA could change in the light of the GLA and LDA grant settlements. The budget requirements arising are shown in the table following paragraph 3.2 below.

2. Introduction

- 2.1 For the purpose of budget setting the Mayor and the Assembly are treated as separate constituent bodies. As set out in the Greater London Authority Act 2007:
 - The component budget for the Assembly comprises the estimates for defined expenditure (essentially its own direct expenditure and London TravelWatch), income, and appropriate contingencies and financial reserves for Assembly functions; and

- The component budget for the Mayor comprises the remainder of the GLA, and this includes expenditure incurred on accommodation in relation to the Assembly's business, and goods and services provided or procured for the Authority in general.

2.2 Prior to the Mayor issuing draft budget proposals for wider consultation, the Mayor must consult the Assembly before preparing separate draft component budgets for the Mayor and the Assembly. The purpose of this document therefore is to consult the Budget and Performance Committee on behalf of the Assembly before the Mayor prepares those draft component budgets in accordance with the provisions of paragraph 2 of schedule 6 of the Greater London Authority Act 1999, as amended by the GLA Act 2007.

2.3 The planned timetable and process that will then follow is set out below:

15 December 2010 to mid-January 2011	The Mayor consults the Assembly and other appropriate bodies on the draft consolidated budget (and component budgets contained therein).
Mid to late January 2011	The Mayor determines the final contents of his draft consolidated budget and presents it to the Assembly on 26 January 2011 for the Assembly to approve with or without amendment.
Early to mid-February 2011	The Mayor prepares and presents his final draft consolidated budget with or without Assembly amendments (in the latter case the Mayor must provide a written statement of reasons) to the Assembly on 10 February 2011. The Assembly then approves the Mayor's final draft consolidated budget (with the draft component budgets comprised in it) with or without amendment. The only amendments which can be made are those agreed by at least two-thirds of the Assembly Members voting in favour.

2.4 In considering the proposals set out in this report it should be noted that while the information provided is based on best estimates, there are uncertainties which may impact on the final budget requirements for 2011-12. These include the impact of spending decisions between now and the end of the current financial year, changes in interest rates, the use of reserves and movements in the council tax base. Decisions on these issues will be taken later in the budget process.

2.5 It is against the above background that the Budget and Performance Committee is invited to comment on behalf of the Assembly before the Mayor prepares draft component budgets for the Mayor and the Assembly.

3. Present intention for the preparation of draft component budgets

- 3.1 The Mayor issued his Budget Guidance to the GLA and its functional bodies on 11 May 2010 following a change in national Government. The Guidance set out financial planning assumptions and was presented to the Assembly's Budget and Performance Committee on 17 June 2010. The Guidance asked the GLA to exemplify savings of up to 5%. The Mayor subsequently wrote to the Chair of the Assembly on 28 July 2010 to ask that savings options of up to 10% are looked at for GLA functions, given the likely range of outcomes arising from the Government's Spending Review process.
- 3.2 On the basis of that guidance a draft GLA budget for 2011-12 has been prepared which incorporates 7% of cash savings and which would result in the component budget requirements set out in the table below.

2011-12	
Budget requirement	
£000	
Mayor	123,997
Assembly	7,992
Total	131,989

4. Approach adopted for the draft GLA budget 2011-12

- 4.1 Members are asked to note the following points in relation to the approach adopted:
- Proposals are being put forward for one year only in common with the approach being adopted for the functional bodies. Given the level of uncertainty, it is not possible at this stage to put forward plans for 2012-13 and 2013-14;
 - In preparing the budget estimates, provision has been made to reflect the standstill pay increase being awarded in 2010-11 and it has been assumed that there will also be a standstill award in 2011-12;
 - The vacancy rate is being maintained at 5.85% but will be kept under review in case the job market, as some predict it will, continues to lead to lower rates of staff turnover at the GLA and other public bodies;
 - Income from interest receipts is being maintained at current levels but will be kept under review given the current low interest rates; and
 - The GLA's capital programme continues to be supported by revenue contributions. There remains the option, as yet unexercised, for the GLA to fund part of its capital programme through borrowing and this possibility will also be kept under review.

Assembly component

- 4.2 The Mayor has accepted the Assembly's proposals for its own budget component without amendment. However the Mayor notes that the impact on the Assembly of the savings required since the change of GLA administration two and a half years ago has been very limited and certainly substantially less than that for the Mayoral component, particularly in relation to reductions in staff numbers.
- 4.3 When the grant settlement is received, the Mayor will consider the extent to which there needs to be some rebalancing between the two GLA components not just when judged in stark percentage terms but also when viewed in terms of the practical impact of savings options on service delivery. The Mayor will of course consider any representations the Assembly may wish to make to him detailing what the impact on Londoners would be of any further savings to the Assembly component budget. Comparative levels of staffing support for elected members in Whitehall, the other devolved administrations and local government would also be a relevant factor in any plans for additional Assembly savings.
- 4.4 The Mayor would also like to explore the extent to which any new duties for the Assembly arising from the Localism Bill can be met from a reprioritisation of existing Assembly resources rather than from growth. This approach mirrors plans for the Mayor's component in relation to London Resilience work in the sense that the net cash savings of 7% detailed in this report incorporate the budget growth arising from the establishment of four new posts for Resilience work.

Equalities considerations

- 4.5 The Mayor has attached a high priority to ensuring that savings proposals across the GLA Group do not adversely affect equalities groups. In terms of the GLA the following measures have been put in place:
- A proportionate approach has been taken which looks at equalities issues in their totality and impacts on stakeholder groups are considered in a broad and rounded manner rather than in an isolated way on an item-by-item basis;
 - GLA officers have sought to prioritise administrative savings (as demonstrated by the items listed in Annex A) and have, wherever possible, protected what might be viewed as "frontline" work with London's communities;
 - Key GLA programmes focused on equality groups, such as those relating to community safety and youth opportunities, have not been asked to make savings; and
 - Two programmes put forward for savings – Zoo/Wetlands and London Councils' databases – could be viewed as adversely impacting on key equality groups (children / vulnerable adults) but that consideration needs to be weighed against the prevailing Mayoral view that these two areas of work cannot be viewed as core GLA business and would be better suited to being provided through other means.

Savings and growth

4.6 Details of proposed GLA savings and growth for 2011-12 are included at Annex A with programme budget details at Annex C. As requested by Members, and given that LDA functions are due to be folded into the GLA from April 2012, a table showing the LDA funding currently expected for GLA functions in 2011-12 and the related staffing complement is included at Annex B. It is important to note that:

- The table does not imply that any of the posts listed are at risk of deletion from the GLA staffing establishment at this stage;
- In many cases there is no direct link between funding and staffing levels; and
- It is not possible to be definitive about the future of GLA and LDA functions until the GLA and LDA grant settlements for 2011-12 are received from Government.

5. Draft component budget for the Mayor

5.1 The Mayor's Budget Guidance was formulated to develop budget proposals which accurately reflect the reductions in grant level expected to be agreed in the Government's Spending Review. The impact of the reductions shown in Annex A on each directorate outside the Assembly Secretariat is shown in the table below.

Service/directorate analysis	Budget 2010-11	Budget 2011-12
	£000	£000
Mayor's Private Office	3,464	3,409
Chief Executive	1,238	660
Elections	1,255	15,199
External Affairs	6,699	6,251
Communities & Intelligence	8,695	8,447
Development & Environment	8,181	6,353
London 2012 Unit	1,901	1,875
Resources	21,630	22,173
Olympic Funding Agreement	59,600	60,100
Museum of London	8,125	7,719
Capital financed by revenue/ reserves	2,731	2,431
Net service expenditure	123,519	134,617
Interest receipts	-1,100	-1,100
Net revenue expenditure	122,419	133,517
Transfer to/from reserves	9,381	-9,520
Budget requirement	131,800	123,997

5.2 The budget estimates include the GLA contributions to the Museum of London (expected to be £7.7m in 2011-12; this reflects the Mayor's role of co-sponsor along with the Corporation of London) and to the Olympic Funding Agreement (expected to be £60.1m in 2011-12).

5.3 The most significant uneven area of expenditure up to 2012 is the cost of the elections. This is managed through the use of reserves and each year the Authority transfers a provision of £5m into an Elections Reserve to meet the cost of the GLA elections and possible by-elections, and meets the annual costs incurred by drawing on this reserve. The Election Reserve as at 31 March 2011 is expected to stand at £14.8m.

- 5.4 Excluding the contributions to the Olympic Funding Agreement, Elections and the Museum of London, the decrease in the 2011-12 net revenue expenditure relative to the equivalent figure for 2010-11 is 5.5 per cent.
- 5.5 In addition to including specific budgetary provision for programmes, the proposed budget for 2011-12 includes £0.4m as a contingency to cover areas of risk and uncertainty in the budget.

Crossrail funding

- 5.6 The GLA has agreed to raise £4.1bn over a number of years to fund Crossrail, of which £3.5bn represents borrowing and £0.6bn represents a direct contribution from income raised by the Business Rate Supplement. The £3.5bn of borrowing includes £700m for 2011-12.

Reserves

- 5.7 The current forecast level of earmarked reserves as at 31 March 2011 is £36.8m along with £2.9m in general reserves as shown in the table below.

Reserves	Projected Balance 31.03.11 £000	Projected Balance 31.03.12 £000
Accommodation, City Hall Lease and Asset Replacement	5,922	6,441
Election	14,817	4,618
Precept resilience	7,900	7,900
Development	736	736
Squares	160	320
Assembly Development and Resettlement	731	731
Legal Fees	704	704
Olympics – tickets for London schoolchildren (MD686)	1,875	1,875
Other reserves	3,933	3,933
Earmarked reserves	36,778	27,258
General Fund Reserve	2,884	2,884
Total reserves	39,662	30,142

- 5.8 The £2.9m in general reserves represents 2.2 per cent of the proposed 2011-12 net revenue expenditure, or 5.7 per cent when contributions to the Olympic Funding Agreement, Elections and the Museum of London are excluded.

5.9 In light of the level of uncertainty over future grant levels, it is not proposed to release any of these balances to support the budget process for 2011-12 at this stage. This will be kept under review.

6. Draft component budget for the Assembly

6.1 The Assembly's Business Management and Administration Committee (BMAC) at its meeting on 21 October 2010 considered the draft estimates for the Assembly which were recommended to the Mayor as the Assembly's budget requirement for 2011-12, subject to any changes that might be necessary to reflect:

- Any revisions to the allowance for pay awards and inflation;
- Any further advice from the Executive Director of Resources on contingencies and financial reserves; and
- Any changes that emerge during the remainder of the budget process.

6.2 The Mayor's present intention, while noting the points made in paragraphs 4.2 to 4.4 above, is to prepare a draft component budget requirement which is the same as that recommendation. The key changes for 2011-12 compared with 2010-11 are set out in the table below.

	Budget 2010-11	Budget 2011-12
	£000	£000
Assembly Members	1,780	1,745
Member Services	2,634	2,356
Scrutiny & Investigations	1,074	1,065
Committee Services	530	519
External Relations	314	311
Director/Business Support	607	499
Elections & Special Projects	58	54
London TravelWatch	1,603	1,443
Net service expenditure	8,600	7,992

7. Other considerations

- 7.1 The Mayor's Budget Guidance expressed financial planning guidance for the GLA in terms of net savings for the Mayor and Assembly components against the GLA General Grant level for 2010-11. The GLA is still awaiting the details of its grant settlement and so it is too early to say whether the 7% cash saving being put forward in this report will be sufficient.
- 7.2 The 2010-11 forecast outturn is presently showing a small underspend of £0.8m as at the end of the first quarter which is mainly attributable to slippage on elections expenditure. The second quarter monitoring process will be reported shortly. Given the further spending activity still to take place in respect of this financial year up to 31 March 2011, it is still possible there will be variations which will have a bearing on the budget proposals contained within this report. If any significant issues emerge when the second quarter monitoring is reported, advice will be provided on these in time for consideration of the Mayor's draft budget proposals for the GLA Group.
- 7.3 There are areas of risk and uncertainty in the budget, including the savings that will require management action, and the uncertain longer-term financial outlook in terms of future inflation, interest rates and grant levels. However at present it is considered that the GLA has adequate financial resources to meet identified liabilities and a degree of unforeseen risk, and the estimates and budgetary provisions set out in this report represent reasonable and necessary financial provisions. Further detailed advice on these matters will be presented to the Mayor and the Assembly before decisions are required on the 2011-12 budget.

GLA SUBJECTIVE BUDGET ANALYSIS 2011-12

	2010/11 Budget £000	2011/12 Budget £000
Staff Costs		
Pay	34,052	34,737
Travel and Subsistence	254	235
Training	608	438
Recruitment	337	295
Other non-pay staff costs	103	75
	35,354	35,780
Premises Costs		
Accommodation	8,872	9,665
Repairs and Maintenance	1,813	1,329
Fixtures, Fittings, Furn and Equip	151	128
Other Premises Costs	44	0
	10,880	11,122
Supplies and Services		
Catering	249	227
Printing	460	663
Stationery and Consumables	1,204	1,166
External Services	15,135	23,404
Postage and Telephones	492	360
IT Equipment	649	595
Other Supplies and Services Costs	17,754	20,807
Contingency	444	404
	36,387	47,626
Olympic Funding Agreement	59,600	60,100
Crossrail	219,000	219,000
Capital Financed by Revenue and Reserves	2,786	2,431
Total Expenditure	364,007	376,059
Income		
Sales, Fees and Charges	(1,602)	(1,625)
Rental Income	(440)	(440)
Other Income	(10,846)	(12,385)
	(12,888)	(14,450)
Crossrail income	(219,000)	(219,000)
Interest Receivable	(1,100)	(1,100)
Total Income	(232,988)	(234,550)
Net Cost of Services	131,019	141,509
Contributions to Reserves	12,421	6,429
Contributions from Reserves	(3,040)	(15,949)
Budget	140,400	131,989

PRIVATE OFFICE SUBJECTIVE BUDGET ANALYSIS 2011-12

	2011/12 Budget £000
Staff Costs	
Pay	3,271
Travel and Subsistence	50
	<u>3,321</u>
Supplies and Services	
Catering	8
Printing	3
Stationery and Consumables	25
Postage and Telephones	12
IT Equipment	5
Other Supplies and Services Costs	35
	<u>88</u>
Total Expenditure	<u>3,409</u>
Total Income	<u>0</u>
Net Cost of Services	<u>3,409</u>
Budget	<u>3,409</u>

CHIEF EXECUTIVE SUBJECTIVE BUDGET ANALYSIS 2011-12

	2011/12 Budget £000
Staff Costs	
Pay	1,192
Travel and Subsistence	9
Training	104
Recruitment	4
	1,309
Premises Costs	
Accommodation	1
	1
Supplies and Services	
Catering	3
Printing	265
Stationery and Consumables	1
External Services	4,923
Postage and Telephones	2
Other Supplies and Services Costs	9,605
	14,799
Total Expenditure	<u>16,109</u>
Income	
Other Income	<u>(250)</u>
	(250)
Total Income	<u>(250)</u>
Net Cost of Services	<u>15,859</u>
Budget	<u>15,859</u>

EXTERNAL AFFAIRS SUBJECTIVE BUDGET ANALYSIS 2011-12

	2011/12 Budget £000
Staff Costs	
Pay	4,022
Travel and Subsistence	39
	4,061
Premises Costs	
Accommodation	117
Repairs and Maintenance	9
Fixtures, Fittings, Furn and Equip	6
	132
Supplies and Services	
Catering	86
Printing	157
Stationery and Consumables	17
External Services	144
Postage and Telephones	48
IT Equipment	12
Other Supplies and Services Costs	4,444
	4,908
Total Expenditure	<u>9,101</u>
Income	
Sales, Fees and Charges	(160)
Rental Income	(20)
Other Income	<u>(2,670)</u>
Total Income	<u>(2,850)</u>
Net Cost of Services	<u>6,251</u>
Budget	<u>6,251</u>

COMMUNITIES & INTELLIGENCE SUBJECTIVE BUDGET ANALYSIS 2011-12

	2011/12 Budget £000
Staff Costs	
Pay	7,224
Travel and Subsistence	24
	7,248
Supplies and Services	
Catering	16
Printing	78
Stationery and Consumables	1,023
External Services	5,940
Postage and Telephones	14
IT Equipment	30
Other Supplies and Services Costs	2,624
	9,725
Total Expenditure	<u>16,973</u>
Income	
Sales, Fees and Charges	(1,223)
Other Income	(7,303)
	<u>(8,526)</u>
Total Income	<u>(8,526)</u>
Net Cost of Services	<u>8,447</u>
Budget Requirements	<u>8,447</u>

DEVELOPMENT AND ENVIRONMENT SUBJECTIVE BUDGET ANALYSIS 2011-12

	2011/12 Budget £000
Staff Costs	
Pay	5,494
Travel and Subsistence	8
	5,502
Supplies and Services	
Catering	1
Printing	65
Stationery and Consumables	19
External Services	2,595
Postage and Telephones	9
Other Supplies and Services Costs	433
	3,122
Total Expenditure	<u>8,624</u>
Income	
Sales, Fees and Charges	(109)
Other Income	<u>(2,162)</u>
Total Income	<u>(2,271)</u>
Net Cost of Services	<u>6,353</u>
Budget	<u>6,353</u>

LONDON 2012 SUBJECTIVE BUDGET ANALYSIS 2011-12

	2011/12 Budget £000
Staff Costs	
Pay	1,248
Travel and Subsistence	9
	1,257
Supplies and Services	
Catering	4
External Services	612
Postage and Telephones	2
	618
Olympic Funding Agreement	<u>60,100</u>
Total Expenditure	<u>61,975</u>
Net Cost of Services	<u>61,975</u>
Budget	<u>61,975</u>

RESOURCES SUBJECTIVE BUDGET ANALYSIS 2011-12

	2011/12 Budget £000
Staff Costs	
Pay	6,335
Travel and Subsistence	28
Training	267
Recruitment	276
Other non-pay staff costs	<u>74</u>
	6,980
Premises Costs	
Accommodation	9,546
Repairs and Maintenance	1,320
Fixtures, Fittings, Furn and Equip	105
	10,971
Supplies and Services	
Catering	46
Printing	19
Stationery and Consumables	56
External Services	9,114
Postage and Telephones	192
IT Equipment	525
Other Supplies and Services Costs	2,138
Contingency	<u>404</u>
	12,494
Crossrail	219,000
Capital Financed by Revenue and Reserves	<u>2,431</u>
Total Expenditure	<u>251,876</u>
Income	
Sales, Fees and Charges	(133)
Rental Income	(420)
	(553)
Crossrail income	(219,000)
Interest Receivable	(1,100)
Total Income	<u>(220,653)</u>
Net Cost of Services	<u>31,223</u>
Contributions to Reserves	6,429
Contributions from Reserves	(15,949)
Budget	<u>21,703</u>

LONDON ASSEMBLY SUBJECTIVE BUDGET ANALYSIS 2011-12

	2011/12 Budget £000
Staff Costs	
Pay	5,951
Travel and Subsistence	68
Training	67
Recruitment	15
Other non-pay staff costs	<u>1</u>
	6,102
Premises Costs	
Accommodation	1
Fixtures, Fittings, Furn and Equip	17
	18
Supplies and Services	
Catering	63
Printing	76
Stationery and Consumables	25
External Services	76
Postage and Telephones	81
IT Equipment	23
Other Supplies and Services Costs	1,528
	1,872
Total Expenditure	<u>7,992</u>
Net Cost of Services	<u>7,992</u>
Budget Requirements	<u>7,992</u>

CAPITAL SPENDING PLANS 2011-12

	2011/12 Total £000
<u>EXPENDITURE</u>	
City Hall	
Lease Related	76
Non-Lease Related	99
Total City Hall	175
ICT INFRASTRUCTURE	
PC Base Units	88
Monitors	90
Laptops	10
Printers	54
Servers / File Storage / UPS	289
Network Infrastructure	0
Telephone Infrastructure	0
MS Software Licenses	0
Total ICT INFRASTRUCTURE	531
ICT DEVELOPMENT	
Technology Group - Development Budget	70
Assembly	0
Website Development	82
TOTAL ICT DEVELOPMENT	152
Capital Grant to Museum of London	1,600
Priority Parks & Street Trees Programme	1,840
A Sporting Future for London	3,000
Capital Grant to TfL - Crossrail	868,000
Total	875,298
<u>FUNDING</u>	
Revenue - Core GLA	-177
Revenue - Museum of London	-1,600
Revenue - BRS	-168,000
AARA Reserve	-654
Capital Funded by Revenue & Reserves	-170,431
Capital Receipts	-27
External Funding (FBs / YL)	-4,840
Borrowing (Crossrail)	-700,000
Total	-875,298

Annex A: GLA savings and growth for 2011-12

Details are provided of all individual items of £50k and over

Item	Amount (£000)	Notes
Assembly	608	The proposals are unchanged from those considered by BMAC at its 21 October 2010 meeting. Please see: http://www.london.gov.uk/moderngov/ielistmeetings.aspx?Committeeld=132
Chief Executive	315	Comprising staff efficiency savings of: £202k from the restructuring of the former Strategic Management & Delivery Unit (SMDU) which is now complete; BMAC was consulted at its 26 May 2010 meeting £113k from a corporate business support restructuring; BMAC will be consulted on the proposed changes to current staffing arrangements at its 30 November 2010 meeting; the savings included in this document may therefore be subject to revision in the light of the outcome of the consultation
Resources	495	Comprising non-staff efficiency savings of: £290k from Facilities & Squares; £165k of which relates to utility savings from more efficient energy and water usage £107k from H.R. £70k from I.T. £28k from Finance
External Affairs	302	Comprising non-staff efficiency savings of: £150k from London Engagement; £90k of which relates to People's Question Time and £60k of which relates to the State of London Debate £37k from Government Relations £35k from Public & Communities and: Staff efficiency savings of: £80k from Media arising from the outsourcing of the media monitoring service; BMAC was consulted on the staffing element of this proposal at its 23 September 2010 meeting

Item (cont.)	Amount (£000)	Notes
D&E	611	<p>Comprising non-staff efficiency savings of:</p> <p>£354k from Planning; £125k of which relates to discontinuing all of the GLA's funding for Design for London which is based in the LDA; £125k relates to savings from the research and consultancy budget for the London Plan and £104k to increased fee income for work on strategic planning applications</p> <p>£196k from Transport & Environment; £53k of which relates to efficiency savings in the parks & trees programme</p> <p>£5k from Housing and:</p> <p>Staff efficiency savings of:</p> <p>£56k arising from the deletion of a vacant grade 13 climate change post and its replacement with a grade 6 post; BMAC will be consulted on this proposal in late 2010 / early 2011</p>
C&I	59	<p>This saving arises from the deletion of a vacant Diversity & Social Policy post; BMAC was consulted at its 26 May 2010 meeting</p> <p>The Mayor does not currently consider it appropriate to put forward further C&I savings for two principal reasons:</p> <p>i. The potential loss of LDA funding could substantially affect activities currently carried out by C+I</p> <p>ii. Community safety and youth opportunities – both undertaken by C+I – are Mayoral priorities and therefore are being protected from savings</p>
Training	200	<p>Recent years' outturns suggest that this level of saving is achievable: there will be a bidding process in the New Year for teams to access the remaining corporate training budget of £300k; the Assembly Secretariat is retaining its own training budget of £67k</p>
Museum of London	406	<p>The Museum of London has been asked to find £406k in savings by the GLA; the City of London Corporation has also asked the Museum to find savings from the funding the Corporation provides</p>

Item (cont.)	Amount (£000)	Notes
Zoo / Wetlands	606	Please see MD714: http://www.london.gov.uk/who-runs-london/mayor/mayoral-decisions
Funding for London Councils' databases	323	Please see MD676: http://www.london.gov.uk/who-runs-london/mayor/mayoral-decisions
Revenue support for capital	300	Recent years' outturns suggest that this level of saving is achievable: it comprises a reduction in the revenue support provide to capital expenditure on IT and facilities items
Miscellaneous costs	140	Recent years' outturns suggest that this level of saving is achievable: it comprises a top slice of other supplies and services' budgets
Growth: London Resilience	(221)	Please see MD654: http://www.london.gov.uk/who-runs-london/mayor/mayoral-decisions BMAC was consulted on the staffing element of the plans at its 21 October 2010 meeting
Growth: rent and rates	(454)	The GLA has been informed that its rent will increase by £93k in 2011-12 and its rates by £361k in the same year
Budget adjustment	(320)	A necessary correction to the base budget, primarily reflecting adjustments required to salary budgets
Net savings	3,370	Represents 7.0% in cash savings against the 2010-11 GLA General Grant of £48,136k

Annex B: LDA funding for GLA activities 2011-12

Programme	Directorate	LDA funding	Team involved in the programme
Sport	C+I	£8.50m	3 sport posts in the Health & Communities unit
Events	Ext. Aff.	£2.66m	8 events posts in the London Engagement unit
Olympics: Unaccredited Media Centre	2012	£2.60m	19 posts in the 2012 unit
Low Carbon Zones	D+E	£1.19m	14 climate change and air quality posts in the Transport & Environment unit
Food	D+E	£1.00m	2 food posts in the Transport & Environment unit
Voyage	C+I	£0.70m	17 posts in the Community Safety unit
GLA Economics	C+I	£0.60m	14 GLA Economics posts in the Intelligence unit
Parks & Trees	D+E	£0.50m	5 urban greening posts in the Transport & Environment unit
European Funds Mgr.	C+I	£0.07m	European Funds Mgr. is a post in the Economic & Business Policy unit
Ordnance Survey	C+I	£0.06m	18 DMAG posts in the Intelligence unit
Brussels Office	Ext. Aff.	£0.05m	4 posts in the Brussels Office
CSL 2012	C+I	£0.04m	3 posts in the Commission for a Sustainable London 2012
Media monitoring service	Ext. Aff.	£0.03m	The media monitoring service is outsourced
Total		£18.00m	

Annex C: GLA programme budgets 2011-12

Directorate	Programme Area	£000
External Affairs	London Engagement	1,525
	Community Relations	165
	Government & Parliamentary Relations	38
	International Relations	67
		1,795
Communities and Intelligence	Children & Young People	157
	Diversity & Social Policy	106
	Sustainable Development	57
	Health	111
	Culture Strategy	224
	Community Safety	1,574
	Consultation	156
	Economic and Business Policy	202
	2,587	
Development and Environment	Planning	483
	Housing and Homelessness	83
	Environment	551
	1,117	
London 2012	City Operations and Legacy	612
Resources	GLA placements	134
Total Mayoral Programmes		6,245
Assembly	Scrutiny Programme Budget	129
2011-12 Programme Budget Total		6,374

Subject: Budget and Performance Committee Work Programme 2010/11

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 24 November 2010

This report will be considered in public

1. Summary

- 1.1 This report provides information on the Budget and Performance Committee's work programme for 2010/11.

2. Recommendations

- 2.1 **That the Committee agrees the proposed work programme for the remainder of 2010/11.**
- 2.2 **That the Committee delegates authority to the Chairman, in consultation with the Budget Group Leads, to agree and submit the Committee's response to the initial GLA budget proposals.**

3. Background

- 3.1 At its meeting on 4 March 2010, the Budget and Performance Committee agreed a proposal for areas of work during 2010/11 and a draft programme of meetings.¹ A number of variations to the work programme have since been agreed by the Committee.

4. Issues for Consideration

- 4.1 The attached Budget and Performance Committee 2010/11 work programme (**Appendix 1**) is based on the proposals agreed by the Committee on 2 November but incorporating the following variation.²
- 4.2 It is proposed that the Committee meeting scheduled for 10am on Thursday 6 January 2011 should be rescheduled to 11am on Tuesday 11 January 2011. The meeting is with the Mayor of London on his draft 2011/12 GLA Group budget and the proposal for a new date is to accommodate a change

¹ <http://legacy.london.gov.uk/assembly/budgmtgs/2010/mar04/item09.pdf>

² <http://www.london.gov.uk/moderngov/mgConvert2PDF.aspx?ID=1126>

in the Mayor's availability.

- 4.3 The report also contains details of the Committee's recent scrutiny reports that are to be followed up. This is attached as **Appendix 2**.
- 4.4 This report also seeks a delegated authority to the Chairman in respect of the Committee's response to the initial GLA budget proposals. This is sought because the timetable of meetings would not otherwise allow the Committee to agree the response formally until January 2011.

5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

- 6.1 There are no direct financial implications of this report.

List of appendices to this report:

Appendix 1 - Rolling Work Programme

Appendix 2 - Details of the Committee's recent scrutiny reports to be followed up

Local Government (Access to Information) Act 1985
List of Background Papers: None
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Budget and Performance Committee – Rolling Work Programme

Date	Event and main items
16 September	Budget and Performance Committee meeting <ul style="list-style-type: none"> • Front line policing – MPS, HMIC and other experts
14 October	Budget and Performance Committee meeting <ul style="list-style-type: none"> • Front line policing – invited guests
2 November	Budget and Performance Committee meeting <ul style="list-style-type: none"> • GLA Base Budget – heads of finance functions at the functional bodies • Quarter 1 monitoring information • Formal agreement of the Committee’s report on the implications for the LDA of the transfer of Olympic Park land and legacy responsibility to the OPLC
24 November	Budget and Performance Committee meeting <ul style="list-style-type: none"> • 2011/12 component budget proposals for the core GLA – the Mayor’s Chief of Staff and the Chief Executive of the GLA • City Hall efficiency savings – OfD, shared services etc • Request for delegated authority to approve the Committee’s response to the initial core GLA budget proposals for 2011/12
7 December	Budget and Performance Committee meeting <ul style="list-style-type: none"> • Front line policing – including the MPS and the MPA • Formal agreement of the Committee’s Pre-Budget report
15 December	Release of Mayor’s consultation draft budget 2011/12, including the draft Capital Spending Plan
5 January 2011	Budget and Performance Committee meeting <ul style="list-style-type: none"> • Consultation budget 2011/12 – Commissioners/Chief Executives
11 January 2011	Budget and Performance Committee meeting <ul style="list-style-type: none"> • Consultation budget 2011/12 – Mayor of London • Request for delegated authority to approve the Committee’s response to the Mayor’s consultation draft budget 2011/12
Mid-January	Release of draft consolidated budget 2011/12
26 January	Assembly MQT considers draft consolidated budget 2011/12 and the Budget and Performance Committee’s response to the Mayor’s consultation draft budget
9 February	Budget Monitoring Sub-Committee meeting <ul style="list-style-type: none"> • Quarter 2 monitoring information – TfL and LDA representatives (provisional)
Mid-February	Release of final draft consolidated budget 2010/11 (must be before end of February)
February	Assembly Plenary approves or approves with amendment the GLA consolidated budget 2011/12 (must be before end of February)
3 March	Budget and Performance Committee meeting <ul style="list-style-type: none"> • Olympic legacy costs – OPLC (provisional) • Consideration of GLA Group services for low income Londoners scoping paper
29 March 2011	Budget Monitoring Sub-Committee meeting <ul style="list-style-type: none"> • Quarter 3 monitoring information – police and fire representatives (provisional)

Appendix 2: Details of the Committee’s recent scrutiny reports to be followed up

Report title and date	Follow up work
<i>The Finance of the Olympic Legacy: Part 1 Olympic Park transfer and continuing liabilities, October 2010</i>	A response to the findings in this reported has been requested from the Mayor by the beginning of February 2011, in time for his discussion with Assembly Members as part of the GLA Group budget approval process.
<i>Balancing Act: the Mayor’s 2011 fares decision, August 2010</i>	A response to one of this report’s recommendations has been received from the Transport Commissioner. An addendum to the original response, addressing the other recommendations made to TfL, is expected.
<i>Response to the Mayor’s draft Capital Spending Plan 2010/11, February 2010</i>	The Mayor’s agreed in his response to this report with the recommendation that the functional bodies should report material changes in plans for capital spending to the Committee on a regular basis. This was to be done through the Budget Monitoring Sub-Committee and the Mayor indicated that he was working to ensure that the quarterly monitoring information presented to the Sub-Committee was more up-to-date. Officers are looking into ways of making the information reported to the Sub-Committee more timely and it is hoped that a proposal can be brought to the Committee before the next Sub-Committee meeting in February 2011.