

AGENDA

Meeting **London Assembly (Plenary)**
Date **Thursday 10 February 2011**
Time **10.00 am**
Place **Chamber, City Hall, The Queen's
Walk, London, SE1 2AA**

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A meeting of the Assembly will be held to deal with the business listed below. In accordance with GLA Standing Order 6.3, this meeting will be used principally to consider the Mayor of London's 2011/12 Draft Consolidated Budget proposals. This meeting will be open to the public. There is access for disabled people, and induction loops are available.

Dee Doocey AM
Chair of the London Assembly

Jennette Arnold AM
Deputy Chair
Wednesday 2 February 2011

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Rebecca Arnold, Committee Services Manager; Telephone: 020 7983 4421; E-mail: rebecca.arnold@london.gov.uk; Minicom: 020 7983 4458.

For media enquiries please contact: Mark Demery, Tel: 020 7983 5769, Email: mark.demery@london.gov.uk
Minicom: 020 7983 4458.

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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Proper Officer: Mark Roberts, Executive Director of Secretariat.

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Certificate Number: FS 80233

**Agenda
London Assembly (Plenary)
Thursday 10 February 2011**

1. Apologies for Absence and Chair's Announcements

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

2. Declarations of Interests (Pages 1 - 2)

The Assembly 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 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 at Item 2 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. Draft Consolidated Budget 2011/12

a) Report of the Mayor

(Circulated separately)

The Draft Consolidated Budget 2011/12 has been circulated for the Assembly's consideration.

The Mayor will present his Report to the Assembly at the meeting.

b) Response by the London Assembly's Budget and Performance Committee to the Mayor of London's 'GLA Group Budget Proposals and Precepts 2011/12 Consultation Document' (Pages 3 - 18)

The report contains the Assembly's Budget and Performance Committee's analysis of the Mayor's budget proposals for 2011/12, based on evidence taken from the Mayor, the functional bodies and the core GLA during the budget development and consultation processes. It highlights the key issues raised during the Committee's deliberations, and offers comments to the Mayor on his consultation budget.

The comments are on the Mayor's proposals that were published for consultation on 22 December 2010, not on the Draft Consolidated Budget published with this agenda. The Assembly is recommended to note the response by the London Assembly's Budget and

Performance Committee to the Mayor of London's 'GLA Group Budget Proposals and Precepts 2011/12 Consultation Document'.

c) Questions to the Mayor

Assembly Members will put questions to the Mayor on the 6 sections of the Draft Consolidated Budget document.

d) Consideration by the London Assembly of the Mayor of London's Draft Consolidated Budget proposals 2011/12

The Assembly is under a duty to consider the Mayor's Draft Consolidated Budget and to approve it, with or without amendment (paragraph 5(3) of Schedule 6 of the GLA Act 1999 (as amended)).

The following substantive motion is before the Assembly:

"To approve the Draft Consolidated Budget for 2011/12, together with the draft component budgets comprised within it, with or without amendment."

[Note: In accordance with GLA Standing Order 6.12 B, the motion set out above shall be considered without being proposed or seconded by a Member. The motion may be amended by a Budget Amendment, in accordance with the procedures described in Standing Orders 6.10, 6.12 and 6.16. The Assembly will consider amendments to the Draft Consolidated Budget, and budget-related motions (if any).

If a Budget Amendment is carried by the requisite majority (a simple majority of votes cast) then the Substantive Motion shall fall and the Draft Consolidated Budget shall be deemed agreed as amended. The Mayor is under a duty to respond to any amendments passed when he presents his final budget.

If no amendment is agreed, or if the Substantive Motion is not passed (whether put to the vote or not) then the Assembly is deemed by law (Paragraph 5(5) of Schedule 6 to the GLA Act 1999) to have approved the Draft Consolidated Budget without amendment.

This is the first part of a two stage budget-setting process and the Assembly will not be making a final decision on the budget until the London Assembly (Mayor's Question Time) meeting on 23 February 2011.]

4. Review of the Post of Chief Executive (Pages 19 - 54)

Report of: Executive Director of Resources and Executive Director of Secretariat
Contact: Martin Clarke, Executive Director of Resources, telephone: 020 7983 4959, martin.clarke@london.gov.uk; and Mark Roberts, Executive Director of Secretariat, telephone: 020 7983 4428, mark.roberts@london.gov.uk

Recommendations:

- (a) That the Assembly, noting that this is a joint decision to be formally taken with the Mayor, agrees, following a review into the roles and functions currently undertaken by the Chief Executive of the Greater London Authority, to formally consult the Chief Executive and affected staff on the proposal to delete the post of Chief Executive; and**
- (b) That the Assembly, noting that this is a joint decision with the Mayor and in accordance with the Statutory Officers Protocol, agrees that the GLA should seek expressions of interest from internal postholders to undertake the Head of Paid Service and Greater London Returning Officer roles and functions which must continue to be carried out in the event that the Chief Executive post is subsequently approved for deletion.**

5. Date of Next Meeting

The next scheduled meeting of the London Assembly will be a Mayor's Question Time meeting which will take place at 10.00am on Wednesday 23 February 2011 in the Chamber, City Hall.

This meeting will be used principally to consider and discuss the Final Draft Consolidated Budget 2011/12.

The Assembly has agreed to accept written answers to all questions submitted to this meeting under the Mayor's Question Time procedure, as in previous years, in order to devote time to discussion of the Mayor's Final Draft Consolidated Budget.

6. Any Other Business the Chair Considers Urgent

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London Assembly
Membership of Functional Bodies and London Borough Councils

Member	(Personal) Interest
Tony Arbour	Member, LFEPA; Member, MPA; Member, LB Richmond
Jennette Arnold	Member, MPA
Gareth Bacon	Member, LFEPA; Member, LB Bexley
Richard Barnbrook	
Richard Barnes	Member, LB Hillingdon
John Biggs	Member, MPA
Andrew Boff	
Victoria Borwick	Member, MPA; Member, Royal Borough of Kensington & Chelsea
James Cleverly	Member, MPA; Member, LDA
Brian Coleman	Chair of LFEPA; Member, LB Barnet
Dee Doocey	Member, MPA
Len Duvall	
Roger Evans	Member, LB Havering
Nicky Gavron	
Darren Johnson	Member, LFEPA; Member, LB Lewisham
Jenny Jones	Member, MPA
Kit Malthouse	Chair, MPA
Joanne McCartney	Member, MPA
Steve O'Connell	Member, MPA; Member, LB Croydon
Caroline Pidgeon	Member, MPA
Murad Qureshi	Member, LFEPA
Navin Shah	Member, LB Harrow; Member, LFEPA
Valerie Shawcross	Member, MPA
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.

Assembly response to the Mayor's consultation draft budget 2011/12

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 - *Economic development and the activities of the LDA*
 - *The core GLA*
 - *Coordinating reform in the longer term*

Conclusion

Introduction

This is the formal response of the Budget and Performance Committee on behalf of the Assembly, to the Mayor's consultation draft budget for 2011/12 ('the draft budget'). The draft budget was published on 22 December and confirmed the Mayor's decision to implement a third consecutive freeze in the GLA council tax precept.

The budget is being set against the background of the Government's plan to reduce the national deficit. Nationally, there is to be a £98 billion fiscal tightening by 2014/15. As a result, the draft budget was published in the context of reducing government grants following the Comprehensive Spending Review (CSR) and continuing uncertainty in some areas around central funding for the GLA group in 2011/12 and beyond.

As well as making recommendations, in this response we seek to provide a commentary on the draft budget, presenting the key issues the Committee has explored during its work over the past year on the 2011/12 budget. We hope it will inform the next stages of the budget-setting process – the Assembly's consideration of the draft consolidated budget on 10 February and the subsequent meeting on 23 February, at which point the Mayor and Assembly must agree a budget.

The response appraises what is known about the GLA group funding position following the CSR and the consequences for savings requirements. We also set out the implications of funding reductions for services where they have become clearer, as well as where further information is required to make an assessment. Finally we recommend areas in which additional information should be provided on future funding expectations and the shared services programme, and call for responses from the Mayor to the questions raised by his strategic decisions.

1. Funding position following the CSR

The GLA group's grant settlements for 2011/12

Since the Government's confirmation in June 2010 that the results of the CSR would be announced on 20 October, it has been clear that this year's GLA group budget-setting process would be affected by uncertainty around grant allocations.

Usually the GLA and most of the functional bodies have indicative grant figures ahead of the final allocations in December. TfL had a longer-term funding settlement under CSR 2007. This year has been very different with, besides TfL, no information beyond the national picture until the middle of December.¹ This resulted in a delay to the publication of the draft budget. Furthermore, three of the functional bodies –the LDA, the MPA and LFEPA – still do not know all the elements of their grant allocations.

During this year's budget-setting process we spoke to the Mayor's Chief of Staff on three occasions – 24 November, 5 January and 11 January. While the situation did become clearer each time, there remained elements of uncertainty even after the Committee's final scrutiny meeting on the draft budget. In November, talking about the core GLA and the LDA, he highlighted three key "known unknowns" at that stage: the GLA grant, the LDA grant and the Localism Bill.² Apart from the LDA settlement these have now been clarified.

Following the final grant announcements it is now apparent that government funding for the GLA group will fall by around nine per cent, before accounting for inflation, between 2010/11 and 2011/12:

£m	2010/11 government grant (before in-year cuts)	2011/12 government grant	Difference	
MPA	2,634	2,535	-100	-4%
LDA	320 ³	217 ⁴	-103	-32%
LFEPA	270	261	-9	-3%
TfL	3,711	3,274	-437	-12% ⁵
GLA	48	78 ⁶	30	63%
Total	6,983	6,365	-618	-9%

In the longer-term, the CSR indicated how grant funding would reduce over the four-year period (real terms):

- Police funding nationally will reduce by 20 per cent (in the first year core police grants have been reduced evenly across the country)
- Fire grants nationally will reduce by 25 per cent, to be back-loaded to years three and four of the period (changes to the formula for the distribution of the fire grant meant that the reduction for LFEPA will be below average for 2011/12 and

¹ MPA, LFEPA and GLA grant settlements were announced on 16 December 2010.

² Sir Simon Milton speaking at the Budget and Performance Committee, 24 Nov 2010, transcript p. 1

³ In 2010/11 the LDA grant included funding for the London Waste and Recycling Board which in 2011/12 will be funded through the GLA (see footnote 4).

⁴ This includes Olympic land and administration costs. The proposed programme budget is £86 million, compared to £170 million in 2010/11.

⁵ Under its previous funding settlement TfL had been expecting £3,467 million in 2011/12. Under the new settlement the actual is grant £3,274 million - £193 million (5.5 per cent) less than it had been expecting.

⁶ This includes the £23.2 million government council tax freeze grant and £9.5 million for the London Waste and Recycling Board, previously funded through the LDA. Excluding these the GLA's grant is around £45 million – £3 million (6 per cent) less than in 2010/11.

2012/13 – this may mean that the total grant reduction for LFEPAs is less than 25 per cent, although this will not be clear until grant allocations for years three and four have been announced)

- TfL's grant will be £2.17 billion lower than it had been anticipating over the next four years – this amounts to a 21 per cent fall, the same rate of reduction as the Department for Transport's budget
- The LDA is set to be abolished at the end of 2011/12 with economic development responsibilities transferring to the GLA and government
- The GLA grant is not known beyond 2011/12 but local authorities' grants are set to reduce by an average of 26 per cent –there may be additional funding for former LDA functions but this has not yet been confirmed

Funding for economic development

The largest percentage fall in grant funding is for the LDA where current assumptions show programme budgets reducing by around 50 per cent in 2011/12.⁷ There has been no formal confirmation of what, if any, central government funding will be made available to the GLA for former LDA functions from 2012/13.

With national funding for regional economic development set to be substantially removed, the Mayor has argued that funds should be made available for London because of its status as the "motor of the UK economy". Over the course of our scrutiny of LDA and GLA budgets for economic development in 2011/12, the Mayor and his staff have expressed confidence that additional central funding would be made available. His Chief of Staff told us,

We are making an assumption -maybe a foolish one - that our GLA grant will need to reflect the additional duties that will be falling on this body and that, under the Government mantra of not passing on unfunded burdens, we will need to be compensated for those. We would expect, in later years, an adjustment of the core GLA grant to recognise that transfer.⁸

The Mayor said that the Government recognised the value of providing additional economic development funding for London at a regional level through the GLA.⁹ However, until the LDA settlement for 2011/12 and the GLA settlement for 2012/13 are announced, the extent to which this has been reflected in government spending decisions will not be known.

Lack of information in the draft budget

The unprecedented uncertainty around future grants this year has meant that the level of information in the draft budget was less than has been the case in the past, affecting the Committee's ability to scrutinise the Mayor's plans. In previous years a three-year draft GLA group budget has been provided at this stage, even when grant levels had not been confirmed beyond year one. This year's draft budget presented a one-year revenue budget and a three-year Capital Spending Plan, which are the statutory requirements in each area. This level of information makes it difficult to assess the Mayor's strategy for dealing with the grant reductions over the CSR period.

⁷ Draft budget, 7.12

⁸ Sir Simon Milton speaking at the Budget and Performance Committee, 5 January, transcript p. 4

⁹ Boris Johnson speaking at the Budget and Performance Committee, 11 January, transcript p. 6

We recognise that grant settlements are not all available for the entire period. However, the MPA and LFEPA have grant levels for the next two years and TfL's grants are confirmed for the next four years. GLA and LDA funding is currently only known for 2011/12 and the Mayor's Chief of Staff told us that, while he would hope GLA grants in 2012/13 reflect new economic development activities, discussions with government about future years had not yet commenced.

Explaining the lack of information beyond year one of the budget, the GLA's Executive Director of Resources said that new forward spending plans (taking account of the new funding situation) had generally not yet been finalised. Nonetheless he agreed to provide, as a minimum, "high level planning figures" for future years in the next version of the budget document.¹⁰

We were disappointed at the level of information provided in the draft budget. Even where forward spending plans have not been finalised we would have expected it to include, for 2012/13 and beyond, actual funding settlements where they are known (in many cases) or grant assumptions.

Recommendation 1

The draft consolidated budget, expected to be published on 2 February, should include future funding expectations and make clear the scale of new savings required in future years, based on the information currently available. This would allow us and others to assess proposals for the coming year in the context of the longer term picture insofar as we know it. The circumstances of this year's budget-setting make it more important, rather than less, to provide this information.

2. Balance between central grant funding and income raised locally

As we set out above, across the GLA group government grants have reduced by 9 per cent (£618 million) between 2010/11 and 2011/12 which, the Mayor's Chief of Staff told us, was better than the national average.¹¹ Total spending by the GLA group in 2011/12, however, is only budgeted to reduce by £362 million (2.6 per cent).¹²

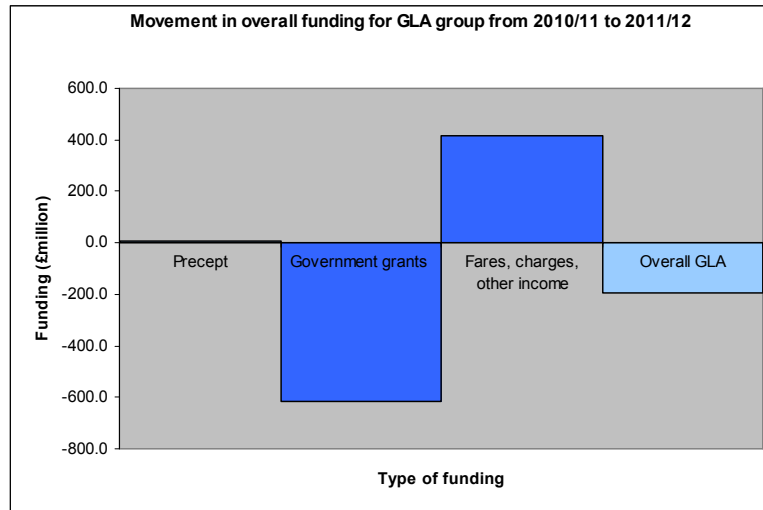
The potential scale of the funding reduction as indicated by the CSR has been partly mitigated by an increase in locally raised revenue generated principally through the fare box. Taken on a group-wide basis the net growth in fares and other income of nearly £400 million (7.1 per cent) means that less than half (48 per cent) of the total funding for GLA group services comes from government grants (compared to 52 per cent in 2010/11¹³). This shift from government funding to locally raised revenue, principally increased fares, raises questions about consequential changes to the proportion of funding borne by different income groups which may need to be addressed in the future.

¹⁰ Martin Clarke speaking at the Budget and Performance Committee, 5 January 2011, transcript p. 7

¹¹ Sir Simon Milton, speaking at the Budget and Performance Committee, 5 January 2011

¹² Total GLA group spending will be £13,607 million in 2011/12 compared to £13,969 million in 2010/11.

¹³ 2010/11 GLA gross expenditure budget (£13,964 million) less use of reserves (£500 million) = £13,464 million (recurrent funding); total government grant of £6,983 million = 52 per cent.



While the reduction in reliance on central grants could dampen the effect on services from any further grant reductions it does mean that Londoners are contributing more. This exacerbates a long-standing imbalance in the capital between tax revenue raised and central funding. According to the London School of Economics, the net outflow of tax from the capital to the rest of the UK has typically been in the range of £10 to £20 billion each year.¹⁴

Additional funds are being raised locally through, for example, the Crossrail Business Rate Supplement and sponsorship deals. Parts of the GLA group are also looking at ways of raising finance through prudential borrowing in new areas and the possibilities offered by bond issuance. However, while these mechanisms provide greater local autonomy for the capital, they also further increase the level of revenue raised from London residents and businesses.

On fares, the Committee has had indications from the Mayor that the RPI plus two per cent assumption for the annual fares decision would remain in place for the remainder of the CSR period as per the 2009 Business Plan.¹⁵ However, given the fact that the 21 per cent grant reduction TfL faces over the years to 2014/15 is back-loaded to 2013-15, there is some doubt as to whether increases can be capped at this level. TfL's revised Business Plan will be published in spring 2011 which will contain further details on the efficiency measures planned to bridge the funding shortfall and confirm the assumptions surrounding the annual fares uplifts.

In the Committee's report into the Mayor's 2011 fares decision the Committee highlighted a trend that the balance of TfL's funding would shift increasingly towards farepayers in the years to 2017/18. The report stated that in 2009/10 for every £1 of funding from central government farepayers provided £0.99. Based on the assumptions within the 2009 TfL Business Plan of annual fares uplifts of two per cent above inflation, by 2017/18, farepayers would be providing £1.29 for every £1 from government. Since the publication of the fares report TfL has received a reduced grant settlement and has not experienced the dip in bus and tube ridership that had been expected following the economic downturn.

Assuming ridership remains buoyant, and RPI plus two per cent remains the policy for annual uplifts, the reductions in grant could see the balance of funding shift towards

¹⁴ LSE/City of London Corporation, London's Place in the UK economy 2009/10, Chapter 7

¹⁵ BP Committee 11/1/11 Boris Johnson/Sir Simon Milton

farepayers much more rapidly over the coming years than anticipated in the fares report. Ridership has been higher than expected so part of the grant reduction looks likely to be covered by the associated additional fares revenue. The January 2011 fares uplift will also result in an additional £165 million in fares revenue in 2011/12. To illustrate the shift towards farepayers, if the additional revenue generated from the 2011/12 fares uplift and additional ridership was replicated in each of the following three years, by 2014/15, farepayers would contribute £1.60 for every £1 from central government.

With greater reliance on passenger ridership for funding, given the inter-relationship between the strength of the economy and fares revenue, there is a risk to services moving forward should the economy suffer a further downturn in future. One future forecast for the London economy suggests the following:

a return to relatively healthy growth for London after the recession. However, this is not guaranteed. Alongside this message of cautious optimism, there are other plausible scenarios pointing to the possibility that London might experience lower growth rates than in the past. This could arise as a result of tighter regulation of the financial services sector. Other potential factors that might put a brake on London's progress include a move towards protectionism and weaker political support for London in the wake of the financial crisis.¹⁶

The Transport Commissioner, Peter Hendy, when asked about the stronger than expected fares revenues, recently told the Committee that TfL may have required a reduction in services without the higher than anticipated ridership bridging the funding shortfall: "it is one of the reasons why we are able to look forward to a balanced budget for 2011/12 and beyond; because the cut of £2.17 billion over the 4 years of the public expenditure review is mitigated by a substantial increase in revenue compared with the previous plan."¹⁷ He has also said that anything less than an RPI plus two per cent fares rise in 2011 would have "[endangered] vital investment in transport infrastructure and risk front-line services".¹⁸ This highlights the dependency of service levels and levels of investment on fares revenue and, hence, the resilience of the London economy.

One way of maintaining fares revenue in response to any further downturn in the economy could be to implement higher than planned annual fares uplifts. As such the Committee's fares report recommended that the Mayor looks to maximise alternative means of raising finance to avoid further increasing the contributions from fare payers. We welcome the new revenue raising powers available through Tax Increment Financing (TIF) and the Community Infrastructure Levy (CIL). However, some of these funding mechanisms, while new, still have questions around their potential to fund large-scale investment projects in London.

For example the Mayor has raised the possibility of using TIF to finance an extension of the Northern line to Battersea and regeneration in the area close to the new US Embassy. This has been examined by consultants commissioned jointly by the GLA, TfL and the relevant boroughs who conclude, "there could be a role for TIF in financing some transport infrastructure, but that possible role, and the scale of that role, is still not clear". The possibility of funding an extension of the Northern line entirely through TIF is ruled out, although the report says there may be a role for TIF "over the longer term, and for a smaller project – perhaps one which has less risk involved".¹⁹

¹⁶ London's Place in the UK economy 2009/10, LSE/City of London Corporation, p2

¹⁷ Peter Hendy, speaking at the Budget and Performance Committee, 5 January 2011

¹⁸ Transport for London response to the Committee's fares report, 26 October 2010, p. 2

¹⁹ Roger Tym & Partners, Peter Brett Associates and GVA Grimley, Vauxhall Nine Elms Battersea Development Infrastructure Funding Study, October 2010

In order to relieve pressure on its budgets arising from grant reductions TfL has three main avenues: increasing fares income, finding additional efficiency savings or generating funding through the private sector by the means listed above. The revenue-raising potential of some of the newer alternative funding mechanisms is yet to be fully exploited and they have only been one-off sources of income for specific capital schemes.

While additional locally raised revenue for capital investment could go some way to off-setting reductions in central funding, TfL's long-term reliance on fares to fund infrastructure looks set to increase. This would not be a risk-free approach given the interdependence between ridership, fares revenue and the strength of the economy. As we said in our fares report, to minimise the need for fares uplifts TfL must find ways to use the new powers to leverage support from the private sector as soon as possible.

3. The Mayor's approach and implications for savings requirements

Measures in the draft budget to minimise the impacts of grant reductions

The Mayor has again chosen to freeze the GLA council tax precept in 2011/12. As we noted in the Pre-Budget Report,²⁰ the decision appeared to be relatively straight forward this year given the Government's allocation of an additional grant to local authorities not increasing council tax. This amounted to £23 million for the GLA.

In an attempt to minimise the effects of grant reductions, the Mayor is proposing to change the distribution of the GLA precept in 2011/12. He intends to allocate additional precept revenue to the MPA and reduce the allocations to LFEPA, TfL and the GLA. There is also an additional £23 million available as a result of the Government's precept freeze reward grant. In summary, as compared to 2010/11, additional funding has been allocated as follows:

- MPA – £30 million
- Economic development within the GLA – £20 million

Broadly, this is funded by:

- Precept freeze grant – £23 million
- Reduction in LFEPA's allocation from the precept – £20 million²¹ (11 per cent reduction)
- Reduction in TfL's allocation from the precept – £6 million (50 per cent reduction)
- Reduction in GLA's allocation from the precept – £2 million (2 per cent reduction)

Within the GLA budget there is also a "Contingency for GLA Group Budget" of £9 million which "will be reviewed in the light of the outstanding grant settlements when they are known" and could presumably be allocated to LDA or MPA activities depending on final grant allocations. Subject to the timing of the LDA settlement, the next version of the budget should clarify intentions for this fund.

²⁰ Budget and Performance Committee, Pre-Budget Report, 1 December 2010, p. 32

²¹ This is offset by £20 million from LFEPA's reserves

This strategic juggling of the available resources across the group is to be welcomed. It makes sense for the Mayor to use his position of responsibility for several large organisations to spread the effects of grant reductions given the different profiles of cuts across the functional bodies and the various starting points – including levels of reserves. In relation to reserves the Committee has consistently raised questions about the level of LFEPA reserves²² and notes that even following the removal of £20 million in 2011/12 over £30 million will remain. The new minimum reserves policy agreed by the Authority in November 2010 is to maintain a general reserve of £30 million, the equivalent of 7 per cent of the net budget requirement. Prior to this it was set at 2.5 per cent or £10.7 million based upon the current forecast net revenue expenditure for 2011/12.

We have, though, raised questions about the sustainability of the proposed approach in future years. For example, what would be the implications for the MPA if it had to do without the additional £30 million in precept revenue it has been allocated for next year, mainly at the expense of LFEPA? Or could LFEPA cope without it in the longer-term? The Mayor's Chief of Staff's view was that the situation could be reviewed and the precept moved around accordingly on an annual basis. Specifically on LFEPA he believed that it could probably "sustain a lower level of precept into the future".²³

The Mayor's Chief of Staff responded in the following way to a question about the sustainability of the approach in the 2011/12 draft budget:

We need to keep an eye on the balances and reserves of all the functional bodies. [...] The most difficult part of your question to answer is what happens in future years because you will have noted that this is a one year budget that we have presented to you. That is really because of a complete lack of information coming out of central government about grant levels in future years. [...] We know roughly up until the Olympics, more or less, what our funding situation will be and how that can be managed but we will be looking to put in place the kinds of thinking and planning that would allow us to cope with more constrained budgets after that, should that be the case.

Recommendation 2

Recognising that uncertainty will remain in budgetary plans for future years, we call on the Mayor to demonstrate that decisions in his budget have been taken as part of a longer-term strategy. There are a number of strategic questions which are raised by the approach proposed for 2011/12:

- To what extent could LFEPA maintain service levels in future years with a smaller contribution from the precept?
- To what extent is the Mayor prepared to divert precept revenue to the MPA to maintain police numbers as government grants reduce?
- What does the Mayor see as the longer-term priorities for the GLA, given additional responsibilities for economic development, in the absence of the resources previously available to the LDA?

These questions should be addressed in the draft consolidated budget, due to be published on 2 February 2010.

²² See, for example, the Committee's Pre-Budget Report 2010, 1 December 2010, pp. 26 & 27

²³ Sir Simon Milton speaking at the Budget and Performance Committee, 5 January 2011, transcript p. 5

Savings requirements

Even with the measures outlined in the draft budget to minimise the impacts of grant reductions, substantial savings will be required in all of the GLA organisations next year and beyond.

For example, £158 million of savings and efficiencies have already been identified by the MPA in the draft budget. On top of this it still needs to find an additional £61 million to balance the budget – equivalent to 28 per cent of the total savings requirement. By the time of the draft consultation budget it is usual for savings for year one to have been identified. The extent to which the total requirement for savings (£219 million) will affect the force's operational capacity is not entirely clear from the information available, although the Mayor insists that service levels will be protected (see section 4).

At TfL a reduction in grant of £2.17 billion over the next four years will also generate substantial additional savings requirements. Although the biggest savings will need to be found towards the end of the CSR period, TfL's grants in 2011/12 will be £193 million less than it had been anticipating.²⁴ Given that TfL had already committed to making savings of around £5 billion to 2017/18, this additional funding shortfall results in a total savings requirement of some £7.2 billion – an eight per cent reduction to planned expenditure over the nine year Business Plan, without taking account of grant cuts which are likely in the years 2015-18.²⁵

The draft budget sets out a number of areas in which TfL intends to make additional savings to meet this challenge, as follows:

- Crossrail (including a delay to the central section and rephasing of the other sections and stations) – £1 billion (shared with government²⁶)
- Stronger fares revenue and efficiencies identified since the last Business Plan – £800 million
- Tube upgrade programme (efficiencies and paring back of non-essential works) – £300 million
- Focussing on core priorities (including reducing funding for boroughs and introducing parking changes on TfL roads) – £300 million
- 'Project Horizon', a review of TfL's operations and structure, "including reductions in the number of jobs in the back office"²⁷

The draft budget does not specify the scale of savings to be gained from Project Horizon but the Committee's Pre-Budget Report identified a further sum of approximately £270 million which would be required over four years to bridge the remainder of the additional budget gap resulting from the CSR. The Transport Commissioner told the Committee he was anticipating savings through Project Horizon by setting out to "strip out every piece of duplication, things that do not need to be done and things that can be done more

²⁴ 2009 TfL Business Plan, p90, includes total of DfT transport grant additional Metronet funding and other grant items of £3,467 million. Total external grants in Mayor's consultation budget 2011/12, p38, of £3,274. Difference is £193 million.

²⁵ Net Cash requirement over 9 years of 2008 Business Plan £43,557 million; add back £43,846 million of income to give a gross expenditure in the period 2009-18 of £87,403 million. Total savings announced since this Business Plan of £7,170 million represents a reduction of 8.2 per cent of planned expenditure.

²⁶ Steve Allen, Managing Director Finance, TfL, speaking at the Budget and Performance Committee, 2 November 2010, transcript p. 19

²⁷ Peter Hendy speaking at the Budget and Performance Committee, 5 January 2011, transcript p. 50

effectively".²⁸ The Committee will want to revisit Project Horizon, and the scale of savings available, during 2011/12 as the results of the review become available.

More immediately, the Committee is concerned that the figures presented in the draft budget do not set out the most up-to-date information relating to TfL's budget for 2011/12. The savings and efficiencies table is "based on the 2009 Business Plan"²⁹, suggesting that the figures in the draft budget do not take account of the new savings measures announced at the time of the CSR.

Beyond the question of the savings figures being outdated, there is also a lack of detail and quantification in relation to TfL's savings plans. Directorate level – i.e. London Underground, Surface Transport etc – figures are given in the draft budget alongside a broad description of the types savings which TfL is looking to make. This is in contrast to the other functional bodies, including the MPA, which have itemised identified savings to a much greater extent, as well as including a figure for savings which are as yet unidentified but will be required to balance the budget.³⁰

The Commissioner told us that more detail would be available when TfL's new Business Plan had been agreed in the spring. Nonetheless, TfL's grant position over the next four years was finalised in October and it should be possible for it to set out the scale of savings required in 2011/12 and future years, even if it has not yet entirely determined where savings will be found. Although its call on the precept is negligible, TfL makes large demands on Londoners' income through the farebox. It is therefore important that it engages with the setting of its budget by the Mayor and Assembly in a more transparent and accountable way.

Recommendation 3

We call on the Mayor to ensure that the draft consolidated budget contains up-to-date savings plans for TfL. It should include new requirements following the CSR, giving details of savings which have already been identified and a figure for those which will need to be agreed to make the annual budgets balance (as is the case for the MPA). We note that issues around the timing of the provision of TfL information during the budget-setting process are a recurring problem on which we also commented last year.

We would ask the Mayor to comment, in the draft consolidated budget, on the fact that these figures were not initially included in the draft budget.

4. Service and programme delivery implications

Police, fire and transport services

The Mayor has made it clear to the Committee that he does not expect any reductions in the GLA Group's core services in 2011/12. He said, "it is our intention to make sure that for the things that are core to our business we not only keep the present level of service but improve it."³¹ This inevitably raises questions about which of the activities currently undertaken by each of the functional bodies the Mayor considers to be core.

²⁸ Peter Hendy speaking at the Budget and Performance Committee, 5 January 2011, transcript p. 45

²⁹ Draft budget, p. 67, text above Table 3

³⁰ See Appendix B of the draft budget.

³¹ Boris Johnson speaking at the Budget and Performance Committee meeting, 11 January 2011

The Deputy Commissioner of the MPS told us that the current level of operational capability can be maintained in 2011/12 despite an expected funding reduction of £118 million (3 per cent).³² He said that over 80 per cent of its identified savings are expected to come from support functions by focusing on changing the way the force uses its 'inanimate objects' such as buildings and vehicles. The remaining 20 per cent would come from efficiencies in operational activities such that the service that Londoners experience would not be affected. However, only when all the required savings have been identified for next year will the full effect of funding reductions on the front-line services be known.

Despite the MPA focussing its savings plans on inanimate objects, some savings will come from staff reductions. The latest forecast for police officer numbers at 31 March 2011 suggests there will be 33,318. This is 739 more than there were when the current Mayor took office in 2008, but 1,180 fewer than at 31 March 2010. However, the Mayor expected that officer reductions would be less than the forecast. He told the Committee that "one way or another we think there is going to be scope to reduce savings we are being asked to make in order to allow us to keep the number of warranted officers up."³³ This suggests that the MPA is considering reversing the current recruitment freeze to off-set the decline in police officer numbers resulting from natural wastage.

The Committee is currently carrying out an investigation into front-line policing. As part of this investigation the Committee is examining the effect of police officer reductions on front-line policing capacity. A report will be published in the spring and comment in more detail on the effect of reductions in police officer numbers on front-line policing and the Mayor's commitment to maintain or improve police services. At this stage we note that a decrease in police officer strength would not necessarily mean the service that Londoners experience would be affected since the MPA assures us that officer reductions would not come from front-line activities. It has also become clear that recruiting police officers may not be as efficient as employing civilians to back-office roles and redeploying officers to the front line. We will come back to these issues in our forthcoming report.

The Chair of the MPA told the Committee that the biggest risk facing the police service is the reduction in funding to bodies outside the MPS such as local authorities, although he provided no evidence to support this assertion.³⁴ He gave the example of child protection where local authorities carry the primary preventative role. We note the Mayor's commitment to take the issue of potential knock-on effects resulting from reductions in government funding to local authorities to the London Crime Reduction Board.³⁵

The Committee welcomes assurances that required savings can be made next year without reducing the force's operational capabilities. Maintaining or indeed where possible increasing operational capacity is particularly important given the Chair of the MPA's concerns about the implications for the police of reductions in funding to other bodies. As London works through this period of fiscal tightening and reduced government spending, the Police, as the default service to which the public turns to when others cannot be reached, may experience an increased demand for its services.

The London Fire Commissioner told the Committee that "there are no cuts to the front-line service for next year".³⁶ The draft budget states that a savings requirement of £10.9 million

³² Tim Godwin speaking at the Budget and Performance Committee meeting, 5 January 2011

³³ The Mayor speaking at the Budget and Performance Committee meeting, 11 Jan 2011

³⁴ Kit Malthouse AM speaking the Budget and Performance Committee meeting, 5 Jan 2011

³⁵ Boris Johnson speaking at the Budget and Performance Committee meeting, 11 Jan 2011

³⁶ London Fire Commissioner speaking at the Budget and Performance Committee meeting, 5 Jan 2011

(2 per cent) in 2011/12 (compared to 2010/11) will not have an “impact on the Authority’s ability to meet its public duties”.³⁷ The majority of the savings will come from the deletion of 121 fire-fighter posts which were agreed as part of the efficiency plans set out in the London Safety Plan in March 2010. As such their removal will not reduce the current front-line fire fighting workforce but will mean that the annual underspend on staff costs looks likely to be significantly reduced next year.

The Fire Commissioner told us that while he was pleased to be able to maintain front-line services in 2011/12, LFEPA had commenced work to look at how things can be done differently to deal with particular budget pressures expected from 2013/14 onwards.³⁸ The Chairman of LFEPA indicated that service provision would be reviewed in 2013 when the next revision of the London Safety Plan is due.³⁹

TfL has confirmed to the Committee that it “will continue to operate at the same level of service in 2011/12 on all its operations”.⁴⁰ The Mayor and the Transport Commissioner have said specifically that bus mileage will be maintained but presumably the commitment to continuing to operate the same level of service on all of its operations is confirmation that service levels on the Underground, Overground, DLR and Tramlink will also be maintained or improved.

While these services have been protected, lower priority programmes face average cuts of 28 per cent. Spending will reduce on local transport schemes (through TfL funding for the boroughs): the electric vehicle programme; road maintenance; and walking, road safety and smarter travel initiatives. TfL has also raised fares and the congestion charge, and intends to charge for parking on the TfL road network, to raise additional revenue.

Economic development and the activities of the LDA

In relation to the LDA, the services that Londoners benefit from, either through the programmes it delivers directly or through those delivered by third parties, look like they will be substantially reduced in 2011/12. The Mayor made it clear to the Committee that he believed he had adequate funding available to continue with his priorities, including the Re:New and Re:Fit programmes, and the Mayor’s programme to increase sports participation. Beyond these programmes, the bulk of the LDA’s current projects will be cut back or ended as a result of reduced government funding for economic development from 2011/12. He said,

When I had to look at deciding what priorities to pursue with the remains of the LDA funding, I went through all sorts of things that the LDA used to do that I didn’t think were absolutely essential for the economic development of London. I am not sure that all of it worked.⁴¹

It will become clearer later in the year (when the LDA produces its updated targets for 2011/12) exactly what projects the LDA will no longer deliver as a result of the prioritisation of LDA funds towards what the Mayor sees as its core projects.

The lack of investment by the LDA is likely also to result in a loss of third party funding. The LDA uses its minimal funding (relative to London’s economy) to lever further funding

³⁷ Draft budget, para 5.18

³⁸ Fire Commissioner speaking at the Budget and Performance Committee, 4 Jan 2011

³⁹ LFEPA Chairman speaking at the Budget and Performance Committee, 4 Jan 2011

⁴⁰ Steve Allen, Managing Director Finance, TfL, speaking at the Budget and Performance Committee, 2 Nov 2010

⁴¹ Boris Johnson, speaking at the Budget and Performance Committee meeting, 11 Jan 2011

from Europe and the private sector. In 2010/11 it managed to attract £241 million of external investment with £493 million of its own funding (an additional 49 per cent).

In relation to skills, the Mayor's influence looks likely to be weakened following government proposals to centralise responsibility for the provision of some economic development activities in the future. The indications are that the London Skills and Employment Board (LSEB), whose Chair is appointed by the Mayor, will lose its statutory responsibility to produce a strategy for employment and skills in London.

The Mayor believes that it is important to take a strategic approach to skills and employment in London. He said the following to the Committee:

London is very unlike other parts of the UK economy, it has distinct needs, it's a single economic entity, it has very very strong characteristics and needs that need to be dealt with at a strategic level.⁴²

He confirmed that there would be a London-wide Local Enterprise Partnership (LEP) and it was his intention that the LSEB would be incorporated into this new venture. We note, however, that the funding available to LEPs through the new Regional Growth Fund will be minimal (compared to what was administered previously through RDAs) and dependent on bids being made. It is also unclear how much of the fund would be allocated to London based on the criteria set out in the Government's white paper.⁴³

The Committee supports the Mayor's ambition to increase his influence over skills and employment in London. With reduced funding at a local level and no statutory powers in the LSEB, this would appear to require a successful London-wide LEP making bids for funding and gaining for London a share of the Regional Growth Fund.

Further examination of proposals for LEPs is being undertaken by the Assembly's Economic Development, Culture, Sport and Tourism Committee.

The core GLA

Plans for financial savings necessitated by an anticipated reduction in the GLA grant were set out in the draft core GLA budget published in November. However, there is limited information available at this stage about how budget reductions will affect programme outputs. The Draft GLA Budget for 2011/12 suggests that, "GLA officers have sought to prioritise administrative savings and have, wherever possible, protected what might be viewed as 'frontline' work with London's communities".⁴⁴ Other than ending the funding for school visits to the London Zoo and Wetland Centre, which are described as not being core GLA business, there is no information about GLA services which will be affected as a result of reduced funding in the existing directorates next year.

In addition to continuing to provide the service the GLA provided last year, it will be spending an additional £20 million on economic development activities previously funded by the LDA, although this scale of additional funding will not offset the reduction in funding for LDA activities in 2011/12. Because of the new functions the GLA is taking on and the uncertainty around GLA grants for 2012/13 and beyond, the scale of longer-term reductions in core GLA services cannot be determined from the draft budget.

⁴² Boris Johnson, speaking at the Budget and Performance Committee meeting, 11 Jan 2011

⁴³ HM Government, Local growth: realising every place's potential, 28 October 2010

⁴⁴ Draft GLA budget for 2011-12, para 4.5

We note the lack to date of a revised GLA Strategic Plan to reflect new expectations around programme outputs. The Committee will assess the service implications of core GLA budget decisions when an updated Strategic Plan is published.

Coordinating reform in the longer term

When we met the Commissioners, Chief Executives and Chairs of the functional bodies there was a consensus that spending reductions will become more difficult to deal with after the Olympic and Paralympics Games and in years three and four of the CSR period.

In relation to policing the Deputy Commissioner told the Committee that the biggest challenge would come in 2013/14.⁴⁵ He explained that by then the police service will need to have found a wholly different way of providing support services to the front line in order to find its required savings. The Police Commissioner has said that he is braced for “the biggest cuts in a generation” and that fundamental change to the MPS will be needed immediately after the Olympics.⁴⁶ The Chair of the MPA’s told us that detailed planning will happen before the Olympics, allowing him to “push the button immediately afterwards”.⁴⁷

The Fire and Transport Commissioners have indicated that LFEPA and TfL will face similar requirements for reform towards the second half of the CSR period. For both bodies grant reductions are back-loaded which means that an increasing level of savings will need to be found year-on-year.

The Fire Commissioner explained that, although grant settlements had only been announced for years one and two, the overall reduction of 25 per cent (real terms) over four years gives “plenty of warning” of likely grant levels in years three and four. LFEPA has told us that it is starting to look at longer-term savings requirements and ways in which service delivery can be reform to reduce costs. TfL has already commenced a review into its structures and service delivery, as described above.

If the GLA group’s core business is to be maintained or even improved despite reducing budgets, as is the Mayor’s intention, a strategic, long-term approach to planning and reform will be required. As such, we welcome these plans in the functional bodies for reform.

When we spoke to the Mayor about the need for fundamental reform he focused on the “big prizes” available from shared services, suggesting that he was expecting £450 million from this programme within the next two years. He acknowledged that savings had been elusive to date. The draft budget shows that in 2011/12 there will be savings of £1 million, leaving the GLA group £449 million of its £450 million savings target to find in 2012/13. We note that seven of the 15 workstreams are still yet to be scoped.

Furthermore, as we noted in our Pre-Budget Report, there are indications that the functional bodies may be progressing with individual organisational change programmes potentially to the detriment of shared service projects.⁴⁸ For example, both TfL and the

⁴⁵ MPS Deputy Commissioner speaking at the Budget and Performance Committee meeting, 5 Jan 2011

⁴⁶ Various new articles including, ‘Met Chief admits he is braced for ‘the biggest cuts in a generation’, London Evening Standard, 18 October 2010

⁴⁷ Kit Malthouse AM, speaking at the Budget and Performance Committee meeting, 7 Dec 2011

⁴⁸ Budget and Performance Committee, Pre-Budget Report 2010, 1 December 2010, p. 35

MPS are engaged in major restructurings of their HR service provision so opportunities for total service transfer are a year to 18 months away.⁴⁹

The Committee understands that due to the scale and complexity of the shared services programme, significant savings will take time to materialise. As such we question how realistic it is to expect that savings of £449 million will be found in 2012/13 given the lack of progress on many of the workstreams to date. As we have said before, if shared services is to play the key role expected of it in allowing core services to be maintained then its development and implementation needs to be further prioritised. The Mayor will need to take a greater role in the programme and use his influence over functional bodies to ensure that his optimistic forecasts for savings in 2012/13 are achieved.

Recommendation 4

We recommend that in April, following the completion of scoping for all shared service workstreams, the Committee should be provided with the scoping papers, including an update on the level of savings expected from each workstream and the timescales for when they will to be realised.

We will continue to look at the progress of shared services during 2011/12, particularly those workstreams for which the scoping exercise is due to be complete by the end of March.

Beyond shared services the functional bodies themselves are taking forward plans for more fundamental reform. While it may not be appropriate for the Mayor to play a leading role in the development of these plans at this stage, Londoners will want him to ensure that changes to services result in better value for money and ultimately be beneficial for them as service users.

The level and timing of savings as a result of fundamental reform in each functional body will affect how the Mayor can allocate the funding from the council tax precept over the next few years. This in turn will affect the Mayor's ability to reduce the impact of grant reductions on service levels. Reform plans should therefore not only be considered at a functional body level but also at the centre in terms of the GLA group as a whole.

Conclusion

Overall the draft budget indicates that the GLA group's financial position in 2011/12, following a 9 per cent average reduction in government grant (compared to 2010/11), will not result in major cuts to the services which Londoners value the most – police, fire and transport. The MPA and LFEPA have committed to maintaining front-line services in 2011/12 and TfL will continue to operate its transport networks at the capacities and frequencies which had been expected.

Nonetheless, the effects of funding reductions will increasingly be felt. Next year TfL, for example, will not be able to maintain current levels of spending on some lower priority areas – including walking, smarter travel and road safety – and many LDA programmes will be discontinued or substantially scaled back.

⁴⁹ Report to the Assembly's Business, Management and Administration Committee, 20 July 2010

Beyond next year things become less certain because less information is available. What is clear is that there will be year-on-year grant cuts, making the preservation of existing service provision more and more challenging as time goes on. There has been a consensus at our meetings that things will become particularly difficult in the period after the Games – the latter two and a half years of the CSR period. We know that plans for fundamental reform of structures and/or service delivery are under development at the Metropolitan Police, the Fire Brigade and Transport for London. It is because of the likely importance of such savings in future GLA group budgets that we conclude reform plans should be considered strategically by the Mayor, not just in isolation by the functional bodies.

The decisions made in the draft budget – the allocation of the council tax freeze reward grant, the reallocation of the precept, finding funds for economic development from the GLA budget – seem to form a reasonable approach for dealing with grant reductions in 2011/12. However, the lack of information about funding and spending plans in future years makes it difficult to assess these decisions as part of a longer-term strategic approach. We have called for additional information to be provided to facilitate such an assessment during the next stage of the budget-setting process.

Finally we have called on the Mayor to become more involved in driving the delivery of savings from shared services across the GLA group. His approach to dealing with longer-term savings requirements is focused on this programme but we have, in this response and previously, questioned the realism of these savings expectations given progress to date.

Subject: Review of the post of Chief Executive

Report to: London Assembly (Plenary)

**Report of: Executive Director of Resources and
Executive Director of Secretariat**

Date: 10 February 2011

This report will be considered in public

1. Summary

- 1.1 This reports considers implications of the review of the Chief Executive's position

2. Recommendations

- 2.1 **That the Assembly, noting that this is a joint decision to be formally taken with the Mayor, agrees, following a review into the roles and functions currently undertaken by the Chief Executive of the Greater London Authority, to formally consult the Chief Executive and affected staff on the proposal to delete the post of Chief Executive; and**
- 2.2 **That the Assembly, noting that this is a joint decision with the Mayor and in accordance with the Statutory Officers Protocol, agrees that the GLA should seek expressions of interest from internal postholders to undertake the Head of Paid Service and Greater London Returning Officer roles and functions which must continue to be carried out in the event that the Chief Executive post is subsequently approved for deletion.**

3. Background

- 3.1 A review has been undertaken in the context of the proposals in the Localism Bill and elsewhere to change the functions of the Authority, the reduced funding settlement and the need to operate the Authority as cost effectively and efficiently as possible. The Chief Executive wrote to the Mayor's Chief of Staff in relation to the review on 20 January 2011.
- 3.2 The report produced following the review is attached at **Appendix 1**. As explained in the report, the review considered the statutory requirements for the Authority in relation to the roles of Chief Executive, Head of Paid Service and Returning Officer. It looked at the options available to the GLA, the decision making process and considered any other constitutional, managerial and governance issues linked to the options.
- 3.3 On the basis of the review and following discussions between Assembly Group Leaders and the Mayor it is considered appropriate to commence consultation with the Chief Executive and other staff affected by the proposal. It is also considered, that subject to consultation and in the event the post was agreed for deletion, it would be appropriate for these statutory functions to be carried

out by current postholders, in the interests of efficiency. Accordingly the Assembly and the Mayor are asked to formally approve the recommendations above.

4. Issues for Consideration

- 4.1 Section 7 of the review report advises on the relevant statutory requirements, GLA policies and procedures, affected employees' contracts of employment and relevant employment legislation that need to be complied with in order to implement any changes to the Authority's organisational structure and/or staffing arrangements.

5. Legal Implications

- 5.1 The Chief Executive was appointed in January 2009. His role incorporates the responsibility of the Authority's Head of Paid Service (which is a required statutory office under the Greater London Authority Act 1999 as amended ("the GLA Act")) and therefore he was appointed jointly by the Assembly and the Mayor under section 72(1) of the GLA Act 1999.
- 5.2 The Assembly and the Mayor are jointly permitted to set such terms and conditions as they consider appropriate for the Chief Executive/Head of Paid Service. There is no express power within the GLA Act for the Assembly and the Mayor to delegate functions that are exercisable jointly by them and accordingly any decisions taken in respect of the appointment or removal of the Chief Executive/Head of Paid Service must be taken by the full Assembly and the Mayor. As the redundancy of the Chief Executive is being considered, joint approval of the Assembly and the Mayor to commence consultation with the Chief Executive/Head of Paid Service is being sought.
- 5.3 The Assembly and the Mayor should note that the Authority's Management of Change Policy and relevant employment laws requiring consultation with the Chief Executive and affected employees prior to making a decision about the future of the role are applicable.
- 5.4 The Assembly and the Mayor have adopted the Statutory Officers Staffing Protocol, which sets out, prior to attributing the function or role of a statutory officer (including that of the Greater London Returning Officer currently held by the Chief Executive), the Assistant Director – Human Resources & Organisational Development must seek expressions of interest from appropriately senior and experienced officers/post holders as to their posts being attributed with the function of a statutory officer. This report seeks the permission of the Assembly and the Mayor to do this as a precaution for the need to realign the statutory officer functions should the proposals be confirmed at the end of consultation.
- 5.5 Should changes be made to the appointments of any of the other statutory officers (the Monitoring Officer under section 73(1) of the GLA Act or the Chief Finance Officer under section 127A(1) of the GLA Act) the Assembly and the Mayor must also jointly make any such decision.
- 5.6 The Assembly and the Mayor should be aware that there are restrictions upon who can take up the office of Head of Paid Service. Specifically it can not be the person who also holds the office of Monitoring Officer. There are no restrictions on who can fulfil the role of the Greater London Returning Officer and it need not be an employee.

6. Financial Implications

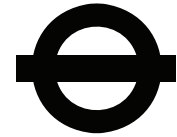
- 6.1 As advised in the review report, an estimated full year saving of approximately £260,000 could be achieved if the post were to be deleted. This figure includes salary and on costs but excludes extra costs or fees paid to others taking on additional functions. The GLA must also comply with the terms of the Compensation Payments Policy if it becomes necessary to terminate anyone's employment on the grounds of redundancy or in the interests of the efficiency of the service.

List of appendices to this report:

Appendix 1 - Report to the Greater London Authority into the Roles and Functions of the Chief Executive

Local Government (Access to Information) Act 1985
List of Background Papers: None.
Contact Officer: Martin Clarke, Executive Director of Resources Mark Roberts, Executive Director of Secretariat
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Transport for London

**Report to the Greater London Authority
into the roles and functions of the Chief
Executive**

31 January 2011



Report to the Greater London Authority in relation to the roles and functions of the Chief Executive

1. Introduction

- 1.1. This Report responds to a request for a review into the roles and functions currently undertaken by the Chief Executive of the Greater London Authority.
- 1.2. This review has looked at:
 - (a) the statutory requirements for the Authority in relation to the roles of Chief Executive, Head of Paid Service and Returning Officer;
 - (b) the options open to the Authority and the decision-making process for the consideration of the review; and
 - (c) what further constitutional, managerial or governance issues will need to be considered depending on the options identified.
- 1.3. The Review has been undertaken in the context of the proposals in the Localism Bill and elsewhere to change the functions of the Authority, the reduced funding settlement and the need to operate the Authority as cost effectively and efficiently as possible. The Chief Executive wrote to the Mayor's Chief of Staff in relation to the review on 20 January 2011. A copy of his letter is Appendix 1 to this report.
- 1.4. In the course of carrying out the review discussions were held with those staff most likely to be affected by any changes to the role and function of the Chief Executive. A list of those consulted is Appendix 2 to this report. An organogram of the current GLA senior management team structure is Appendix 3 to this report.

2. Statutory Requirements

- 2.1. There is no legal requirement for the GLA to have a Chief Executive. However, there are a number of statutory functions which have been carried out by the holder of that post and a list of these is included in Appendix 4 to this report. The job description and performance indicators of the Chief Executive is Appendix 5 to this report. The two key statutory functions are that of the Head of Paid Service and the Greater London Returning Officer.



Head of Paid Service

- 2.2. The Greater London Authority Act 1999 (“GLA Act”) provides that the Mayor and the Assembly must jointly appoint an employee as Head of Paid Service (“HOPS”). Such appointment is required to be made on merit.
- 2.3. The functions of HOPS principally relate to, after consultation with the Mayor and the Assembly, the determination of the staff necessary to fulfil the functions of the Authority. The HOPS is under a duty where he or she considers it appropriate, to prepare a report for consideration by the Mayor and the Assembly on the manner in which the Authority discharges its functions, the organisation of staff and their proper management. He or she also has the function of giving notification of key vacancies and notices in relation to the Assembly’s power of scrutiny.
- 2.4. The GLA Act provides that the HOPS cannot be a member of staff appointed under section 67(1). That is, he or she cannot be one of the 12 staff appointed by the Mayor, including his two political advisers. He also cannot carry out the functions of the Monitoring Officer.

Greater London Returning Officer and Other Election Related Roles

- 2.5. The Greater London Returning Officer is the person who is the proper officer of the Authority for the purposes of section 35(2C) of the Representation of the People Act 1983 (returning officer at elections of Mayor and London members). He or she is subject to a Performance Standard, operated by the Electoral Commission, under section 9A of the Political Parties, Elections and Referendums Act 2000.
- 2.6. The GLRO is eligible to be the Regional Returning Officer for European Parliamentary Elections under the Political Parties and Elections Act 2009 and is also eligible to be Regional Counting Officer for referendums pursuant to the Political Parties, Elections and Referendums Act 2000 and the Parliamentary Voting System and Constituencies Bill.
- 2.7. There are no restrictions on who can fulfil these roles. However, the post holder is required to act as an administrator but in other circumstances must act in a quasi-judicial capacity. The officer must act impartially in his or her dealings with candidates and their agents.



2.8. The GLA Act requires the GLRO to be appointed as an officer; there is no requirement to be an employee.

3. Monitoring Officer and Chief Finance Officer

3.1. For the proper consideration of the options available it is worth noting the functions of the two other statutory officers of the Authority. The first is that of the Monitoring Officer. Under the GLA Act the principal function is that of preparing reports for consideration by the Mayor and Assembly on any proposal, decision or omission of a GLA body or person which appears to have given rise, or be likely to give rise, to a contravention of any enactment or rule of law. The Localism Bill, if enacted, will change the standards regime and may alter the responsibilities of the Monitoring Officer. Amendments to the Bill are proposed which will increase the importance of the role in relation to investigating and resolving breaches of any Code of Conduct.

3.2. The other statutory officer is that of the Chief Finance Officer. The principal function of this role is to have responsibility for the proper administration of the financial affairs of the Authority and to prepare a report in circumstances where the Authority has made, or is about to make, a decision to incur unlawful expenditure, or has taken an unlawful action which is likely to result in a loss or deficiency or incur expenditure in excess of its resources.

3.3. Both of these roles are appointments of the Mayor and Assembly acting jointly who determine the terms and conditions of appointment. The postholders in both instances must be employees of the Authority and not be a section 67(1) member of staff. Such appointments are required to be made on merit.

3.4. Section 5 of the Local Government and Housing Act 1989 also provides that the Monitoring Officer for the Authority cannot be the HOPS or the Chief Finance Officer.

3.5. The Chief Finance Officer must be a member of a recognised financial professional body. Subject to the post holder having the necessary professional financial skills, the HOPS can also hold the post of Chief Finance Officer.



3.6. A summary of the functions carried out by both of these statutory officers is in Appendix 4.

4. Options in relation to the Chief Executive's role

4.1. There are three options in relation to the role of the Chief Executive:

- (a) keep the role;
- (b) delete the role and allocate the statutory functions carried out by the post holder to other employees; and
- (c) delete the role, allocate the functions carried out by the post holder to other employees, and have those that previously reported to the Chief Executive report to the person who is given the function of the HOPS.

Keep the role

4.2. Such an approach would mitigate the organisational risk of change brought about by the Localism Bill. However, cost savings that could be achieved by the deletion of the post would not be realised. An estimated full year saving of approximately £260,000 could be achieved if the post were to be deleted. This figure includes salary and on costs but excludes extra costs or fees paid to others taking on additional functions.

Delete the role and allocate the statutory functions to other employees with no change of reporting lines

- 4.3. The estimated cost saving could be realised. However, there would not be one executive to whom the Executive Directors report. Arrangements would have to be made for personnel issues such as performance reviews and leave requests to be actioned. Mechanisms would also need to be put in place to take decisions and resolve any conflicts which span across the directorates.
- 4.4. It should be noted that no employees of the GLA (including s 67(1)(b) appointments) can be required to work under the direction of the two political advisers, except for secretarial/clerical officers and no statutory function of the HOPS can be exercised by anyone appointed under section 67(1) of the GLA Act.



Delete the role and allocate the statutory functions to other employees with a change of reporting lines

- 4.5. This is similar to above, but with one of the Executive Directors (presumably the one who is allocated the function of HOPS) having all other Executive Directors reporting to him or her.
- 4.6. This would allow for there to be a “figure head” for the management responsibilities and a mechanism for the resolution of pan-Authority issues. However, consideration would need to be given to ensure that the scale of responsibilities and their spread across the relevant staff was appropriate.
- 4.7. In addition, if the most appropriate senior member of staff currently fulfilled the responsibilities of Monitoring Officer, those responsibilities would have to be reallocated.

5. Considerations in relation to the functions of Head of Paid Service

- 5.1. If it is decided to reallocate the statutory functions currently carried by the Chief Executive, the principal function which needs to be allocated to a senior member of staff is that of HOPS.
- 5.2. As outlined above, the following cannot fulfil that role:
 - (a) the Monitoring Officer;
 - (b) any employee appointed under section 67(1); and
 - (c) a person who is not an employee of the Authority.
- 5.3. Some functions of the HOPS can be delegated. The HOPS can arrange for his or her responsibilities in relation to the appointment of staff to be carried out by others. This has already occurred in the Head of Paid Service-Staffing Protocol and Schemes of Delegation.
- 5.4. Consideration might also be given for the function to be allocated to a senior member of staff who is not an Executive Director for example, it could be allocated to a post within the Human Resources functions.

6. Considerations in relation to Electoral Functions

- 6.1. The electoral functions could be delegated to another employee of the Authority; the GLA has already a Deputy Greater London Returning



Officer. Alternatively, an appropriately qualified and experienced external person could be appointed as an officer for that purpose.

7. Implementation and Decision Making Issues

- 7.1. In order to implement any changes to the Authority's organisational structure and/or staffing arrangements, the GLA will have to comply with all relevant statutory requirements, its policies and procedures, affected employees' contracts of employment and all relevant employment legislation.
- 7.2. A statutory officer, such as the HOPS, can only be dismissed by the Mayor and the Assembly acting jointly. There is no express power within the GLA Act for the Assembly to delegate functions that are jointly exercisable by the Assembly and the Mayor. Accordingly, the Mayor and the full Assembly must take the decision. The Statutory Officers - Staffing Protocol sets out the procedure to be followed in relation to this. This Protocol is Appendix 6 to this report.
- 7.3. As any such dismissal is likely to be on grounds of redundancy the Authority would not be required to follow the dismissal procedure in the Protocol. Therefore, the appointment of a Designated Independent Person to investigate would not be required.
- 7.4. Pursuant to the Protocol the Mayor and the Assembly acting jointly may attribute the function/role of a statutory officer to an existing post occupied by an existing member of staff (and thereby designate that post-holder as a statutory officer) without following an external recruitment and selection process. However, the Protocol requires that the GLA should seek expressions of interest in relation to statutory officer functions from suitably qualified members of staff before considering who to appoint. Such appointments must be made on merit.
- 7.5. Once a decision is made about which of the options above will be implemented, the provisions of the Management of Change Procedure govern how the reorganisation or restructure should be carried out. This procedure, which applies to all employees regardless of their grade or position, details the steps to be followed whenever there is a major restructure i.e. where there is the deletion (or creation) of posts.



7.6. Any proposals to reorganise GLA functions, including the deletion of a post, is likely to impact on a number of employees. Where such proposals are being considered, the Authority will have to: engage in meaningful consultation with employees and their representatives (including the recognised trade union, where appropriate); undertake equality impact assessments for any major restructures and use fair selection criteria for any redundancies in accordance with the relevant provisions of the Management of Change Procedure. The GLA must also comply with the terms of the Compensation Payments Policy if it becomes necessary to terminate anyone's employment on the grounds of redundancy or in the interests of the efficiency of the service.

8. Conclusion

- 8.1. The statutory requirements in relation to the role of the GLA Chief Executive and the statutory officers have been set out above. The Mayor and the Assembly acting jointly should consider the options open to them in light of the letter from the Chief Executive of 20 January 2011, this report and all relevant considerations.
- 8.2. A decision would need to be formally taken by the Mayor through a Mayoral Decision and the Assembly in a formal meeting to initiate any change in accordance with the GLA's relevant policies and employment law.



Appendix 1 - Letter from the Chief Executive to the Mayor's Chief of Staff of 20
January 2011

Appendix 2 - List of Consultees

Appendix 3 - Organogram of the GLA Management Team

Appendix 4 - Functions exercised by the Statutory Officers

Appendix 5 - Job Description and Performance Indicators of the Chief
Executive

Appendix 6 - Statutory Officers – Staffing Protocol

Sir Simon Milton

Chief of Staff
Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

Our ref: milton200111

Date: 20 January 2011

Dear Simon

Post of Chief Executive, Greater London Authority

I am writing further to our conversation of 17 January 2011.

You began the meeting by referring to the advice I had given to the Mayor and you, some months ago, that I had come to the opinion that, in the light of future reductions in government grant settlement, the Authority could no longer sustainably afford both a full Mayoral Team and an Executive Team reporting to the Chief Executive. For me this is not just a pure matter of economy but also, having reflected upon my experience of working for a Mayor and Assembly in a strategic regional authority, it also seems to me to have an organisational logic. The product of this Authority is policy and commissioning, not direct services to citizens. This policy emanates from the Mayor via his Advisors and therefore they will, quite rightly, have primacy in the policy production task. At the same time it is obvious that an organisation of some 600 people also needs senior professional management but it should not, in my view, be impossible in time to reflect this in this skill set of the Mayor's Advisors, supported by Assistant Directors.

My advice to you was that, in the interest of prudent risk management, you targeted this change for October 2012 in order to manage through both the Mayor and Assembly elections, and the Olympic and Paralympic Games.

The Mayor and you at the time expressed an interest in this proposition but had not asked me to develop it further.

You have now suggested that there should be review into one aspect of this proposition: the deletion of the post of Chief Executive of the Authority, for possible implementation in the near future rather than in October 2012. I can understand that, having the immediate prospect of significant reduction in public expenditure, you would wish to accelerate action on this and that in the interests of prudent risk management you would at this stage limit consideration to only one post in the Executive team.

I believe that, given that:

- a) I have made my position on this matter clear, in that I am predisposed to see the proposition, if not the timing, as a sound one and
- b) as the sitting Chief Executive, I have a direct personal interest in whatever conclusion the review reaches,

I should not personally conduct or oversee the review. Indeed I believe that it may be better if a person not directly employed by me as Head of Paid Service should carry it out.. Hopefully a speedy conclusion of the review can be achieved, an outcome that will serve the best interests of the Authority. I of course would want to provide input into the review, having in many ways been the progenitor of the idea, if not of the timing, and I am also happy to provide advice on the terms of reference for the review.

Given that this proposal puts at risk my employment with the Authority, I propose that there be discussions on potential severance terms between relevant officers here and my representative from the Association of Local Authority Chief Executives. (This is, of course, a separate matter from the subject of the review.) You will appreciate that, if they are to take place at all, these negotiations need to take place in the context that I am being made redundant, as I had previously no intention of leaving voluntarily until at least October 2012, and I will expect to be subject to the Authority's Compensation Payments Policy as I will be suffering from early loss of office.

You informed me that you had canvassed the views of the Assembly Group Leaders, who are in favour of a review. I am happy for you to share this letter with them.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Leo Boland', written over a horizontal line.

Leo Boland
Chief Executive

LIST OF CONSULTEES

Leo Boland, Chief Executive

Jeff Jacobs, Executive Director of Communities and Intelligence

Martin Clarke, Executive Director of Resources

Guto Harri, Director of External Relations

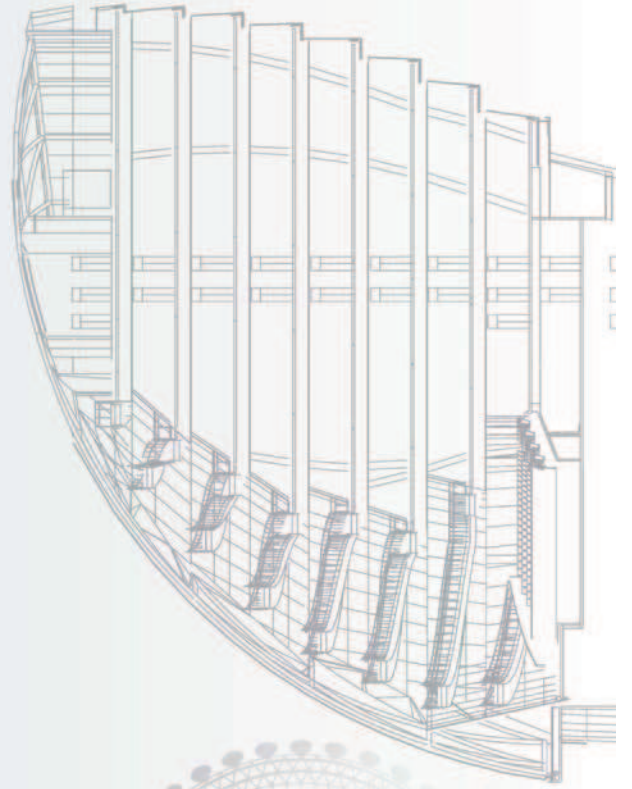
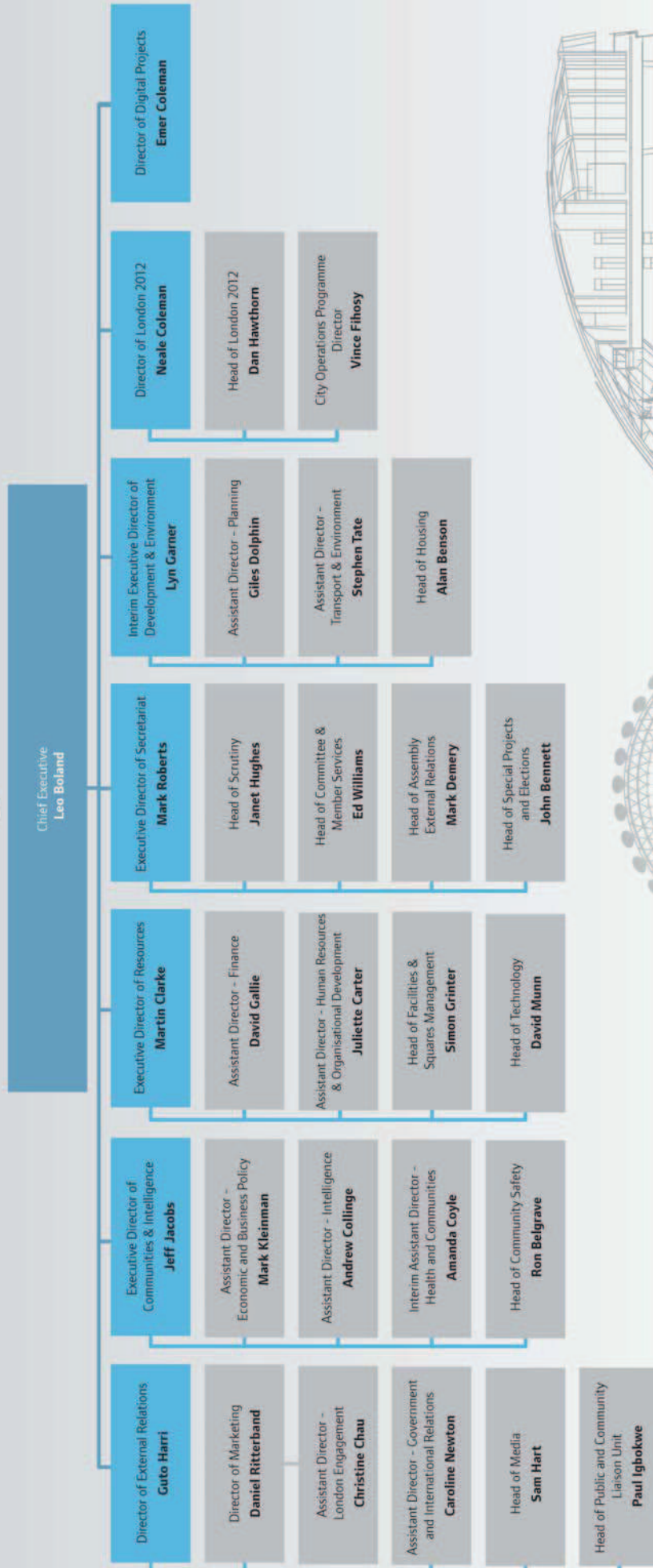
Mark Roberts, Executive Director of Secretariat

John Bennett, Head of Special Projects and Elections

Neale Coleman, Director of London 2012

Juliette Carter, Assistant Director – Human Resources and Organisational Development

GLA Management Team



STATUTORY FUNCTIONS OF OFFICERS OF THE AUTHORITY

STATUTORY OFFICER FUNCTIONS OF THE AUTHORITY

1. The Chief Executive (Head of Paid Service)

- (a) Functions of the proper officer of the Authority for the purposes of Parts I and II of the Greater London Authority Act 1999 (as amended), other than those relating to Part VA of the Local Government Act 1972 (access to information) as applied to the Assembly by Section 58 of the GLA Act 1999 (Openness) (see below).
- (b) Functions of head of the Authority's paid service under the Greater London Authority Act 1999.
- (c) Functions of proper officer of the Authority for the purposes of Part III of the Local Government Act 1974 (local government administration) as applied to the Authority by Section 74 of the GLA Act 1999.
- (d) Functions of the proper officer of the Authority for the purposes of Sections 225 (deposit of documents) and 228 (inspection of documents) of the Local Government Act 1972 as applied to the Authority by Section 75 of the GLA Act 1999.
- (e) Functions of head of paid service under Part I of the Local Government and Housing Act 1989 generally, including under Section 4 (designation and reports of head of paid service) as applied to the Authority by Section 72 of the GLA Act 1999.
- (f) Functions of the proper officer under the Local Government and Housing Act 1989 generally.
- (g) Functions of the Greater London Returning Officer under the Greater London Authority Act 1999 and the Representation of the People Acts for the purposes of Section 35(2C) of the Representation of the People Act 1983 (returning officer at elections of Mayor and London Assembly Members).
- (h) Functions of the proper officer under the Representation of the People Act 1983.
- (i) Functions of the returning officer under the Representation of the People Act 1983.
- (j) Functions of the appropriate officer under Part II of the Representation of the People Act 1983 (The Election Campaign).
- (k) Subject to the approval of the Mayor and London Assembly for matters unrelated to elections for the Mayor or Members of the Assembly, functions of any proper officer, regional, local or other returning officer or of an appropriate officer (or other, however designated) under the Representation of the People Acts or under any other enactment concerning electoral matters generally, or the elections for the Mayor or Members of the Assembly and any other elections or referendum for which he/ she becomes responsible.

- (l) The functions under any other enactment (whenever passed) of a proper officer or responsible officer (or other designation used in the enactment) as regards areas not falling within paragraphs 2(d) and 3(d) below.
- (m) The functions of consulting with the Mayor and the Assembly and appointing staff under s 67(2) of the GLA Act, and determining such staffs' terms and conditions of employment under s 70(2) of the GLA Act.

2. The Executive Director of Resources (Chief Finance Officer and “section 127 officer”)

- (a) Functions of the chief finance officer responsible for the proper administration of the financial affairs of the authority under Section 127(1) of the Greater London Authority Act 1999.
- (b) Functions of the responsible officer under Local Government Finance Act 1988.
- (c) Functions of the proper officer under the Local Government Finance Act 1988.
- (d) The functions under any other enactment (whenever passed) of a chief finance officer, proper officer or responsible officer (or other designation used in the enactment) concerning the Authority's accounting practices, audit arrangements or its financial affairs and arrangements.

3. The Monitoring Officer

- (a) Functions of the monitoring officer for the Authority under Section 5 of the Local Government and Housing Act 1989.
- (b) Functions of the monitoring officer under Part III of the Local Government Act 2000 (as amended) including the GLA Code of Conduct, and the Standards Committee (England) Regulations 2008/1085, and any rules as to the investigation and determination of alleged breaches of that Code.
- (c) Functions of the proper officer of the Authority under Sections 229 (photographic copies of documents) and 234 (authentication of documents) of the Local Government Act 1972 as applied to the Authority by Section 75 of the GLA Act 1999.
- (d) The functions under any other enactment (whenever passed) of a monitoring officer, proper officer or responsible officer (or other designation used in the enactment) concerning the Authority's legal affairs and arrangements, including compliance with the law.

Chief Executive and Greater London Returning Officer

Accountable to the Mayor and the London Assembly

Job Purpose

- Act as the Chief Executive and Head of Paid Service for the core Greater London Authority (the GLA) and to be responsible for the appointment and management of staff within the GLA.
- Work with the Mayor, Deputy Mayors and the Assembly Members to ensure that the strategies and vision of the organisation are realised.
- Act as the Greater London Returning Officer and the proper Officer in accordance with the Representation of the People Acts and the relevant local Government legislation.
- Lead an effective corporate management team of Executive Directors who focus on both strategic cross-departmental issues and operational delivery of the Directorate accountabilities.

Principal Responsibilities

- To ensure the GLA has sufficient, qualified and appropriately organised staff to secure the discharge of the functions of the GLA in accordance with the Mayor's vision and priorities, and the Assembly's discharge of its scrutiny role.
- Lead and motivate staff throughout the GLA having statutory accountability for all necessary staffing matters relating to the GLA.
- To liaise with the Mayor, Deputy Mayors and the Assembly to provide them with advice and assistance as required.
- To liaise and work with the Deputy Mayors and Mayoral Directors to ensure that the GLA business and corporate plans fully reflect the Mayor's strategic vision and priorities, and secondly that these plans are implemented.
- To set regular and timely performance reviews for Executive Directors to measure performance against their objectives.
- Recruit and appoint staff to promote and enable equality of opportunity and promote the diverse needs and aspirations of London communities.
- Address strategic issues through the establishment and maintenance of effective personal relations with key influential people in London's business communities, in the Boroughs, central government, other public bodies, and wider international community.
- Be responsible for the strategic management and focus of the GLA, reviewing performance and policy and ensuring that the GLA's vision and strategic direction are addressed throughout the whole organisation.
- To ensure the economic and efficient delivery of the 2012 GLA election.

Essential Attributes

- Extensive experience at senior management level within public sector and/or a large multifunctional organisation with comparable scope responsibilities and resources, including budgetary accountability.
- A proven ability to demonstrate inspirational leadership in a complex and high pressure environment.
- Proven track record of successfully leading the formulation of corporate objectives, policies and strategies within a large multi-disciplinary organisation. Significant track record of managerial achievements, delivery of organisational development and improvements in delivery
- An understanding of devolved regional government and experience of successfully working with competing priorities in a complex high pressure organisation.
- Highly developed analytical and critical reasoning skills with capacity for developing and implementing strategic solutions. Expert problem solving skills and proven evidence of creativity and innovation in thought
- Exemplary influencing and negotiating skills; proven ability to negotiate successful outcomes in complex organisations, and in situations with a number of conflicting stakeholder views.
- Public presentation skills and the ability to gain credibility and establish rapport at all levels both internally and externally.
- Understanding of the democratic process around elections and the responsibilities of the returning officer role.
- Successful track record of building effective and productive working relationships with differing communities, stakeholders and partner organisations.
- Successful record of managing an effective operational performance culture across an organisation.
- Evidence of having personally driven a programme of change, which has produced demonstrable added benefits.
- Understanding of financial management including budget formulation and management, including financial monitoring.

Management accountabilities

- The post is accountable for the performance of the Executive Directors of the GLA.
- The post is accountable to the Mayor and the Assembly for the operational management of the GLA.

CHIEF EXECUTIVE PERFORMANCE INDICATORS

Objective		Performance indicator (measure of success)
1	Delivery of the Strategic Plan	<ul style="list-style-type: none"> • All key deliverables within the plan to be delivered within the requisite timescales. Where there is a delay/ potential non completion there is clear rationale for this. • To maintain and lead a framework of Quarterly Reviews of deliverables, reporting to the Mayor and the Assembly to enable them to judge if the plan is being successfully delivered.
2	Devolution	<ul style="list-style-type: none"> • To be the GLA lead officer in negotiations with Government and London Councils resulting in a clear settlement by the end of 2010. • To oversee, on behalf of the Authority, the passage of any consequent legislation. • Lead the GLA programme board and as Head of Paid Service to manage the successful transfer of staff into the GLA with minimal financial risk to the Authority. • Robustly represent the views of the London Assembly on matters relating to devolution.
3	Elections 2012	<ul style="list-style-type: none"> • To have in place by September 2010 an e-counting contractor and to have published by January 2011 a detailed programme plan within the allocated budget. • To make efforts to ensure that the GLRO is well placed to be appointed to conduct the referendum in 2011 and the European Elections in 2014.
4	Budget preparation	<ul style="list-style-type: none"> • To have in place by September 2010 a set of options for savings for Mayoral consideration. • To oversee the delivery of the savings proposals with minimal impact on the authority. Lead any further organisational restructuring in the GLA.
5	Leading the workforce	<ul style="list-style-type: none"> • To see through by September 2010 the full Working for London programme including events with the GLA Management Team and with all managers. • To design and implement a programme for welcoming transferred staff (where appropriate) and ensure that they are integrated into the GLA systems and culture. • Demonstrate effective leadership through the senior management team, with performance reviews and objectives in place and regular reviews of performance. • Implement follow up to the staff survey by November 2010 and ensure robust local action plans in place by January 2011. • Produce a report (for the next performance review panel) in which the Chief Executive will review all his staffing decisions made in 2010/11 and demonstrate the merit of those decisions, focusing on value for money.

Objective		Performance indicator (measure of success)
6	Preparing the GLA for 2012	<ul style="list-style-type: none"> To have in place by March 2011 a plan mapping out how GLA staff will be deployed in support of the 2012 Election and the Olympic and Paralympic Games.
7	Develop the relationship between the Chief Executive and the London Assembly	<ul style="list-style-type: none"> Proactively support the work of London Assembly Members – attending meetings or constituency events on request or undertaking other promotional work, as requested. Attend meetings with Group leaders when requested by them. Regular meetings with Chair/ Vice Chair of the Assembly. Raise the profile of the work of the London Assembly by proactively acting as advocate for the work of the Assembly primarily at officer/ official level. This will be measured by examples from the Chief Executive and will include promoting the work at sub regional Chief Executives' meetings.
8	Equalities	<ul style="list-style-type: none"> Promote the Mayor's Equal Life Chances for All framework. Produce regular reports on the actions being taken to deliver the workforce aims of the framework. Ensure the deliverables with the statutory equality schemes are delivered within the requisite timescales.
9	Shared Services	<ul style="list-style-type: none"> To have identified and have a programme plan in place to deliver savings opportunities within the GLA from collaborative working with other group members, sharing services with other organisations or through collaborative procurement which would result, when implemented, in a 10% saving on the existing cost base.

Statutory officers – Staffing Protocol

1. The Statutory officers

1.1 Under the GLA Act 1999 (as amended)¹ the Authority is required to have three statutory officers.

1.2 These are:

- A Head of Paid Service²
- A Monitoring Officer³
- A Chief Finance Officer⁴

1.3 The statutory functions exercisable by these officers are listed in Appendix 1 to this document. Statutory functions exercisable by officers other than the statutory officers are also listed in Appendix 1.

2. Appointment (Designation) without an external recruitment and selection process

2.1 The Mayor and the Assembly acting jointly may attribute the function/role of a statutory officer to an existing post occupied by an existing member of staff (and therefore designate that postholder as a statutory officer), without following an external recruitment and selection process (in which case sections 3 – 4 of this protocol do not need to be followed)⁵. However, in these circumstances, the Head of Human Resources should, where appropriate, seek expressions of interest from appropriately senior and experienced officers/postholders as to their posts being attributed with the function of statutory officer, and

- (i) in the event that there is only one suitable expression of interest, the that postholder may be permanently designated as a statutory officer if the Mayor and the Assembly agree to the designation and terms and conditions; or
- (ii) in the event that there is more than one suitable expression of interest, an appropriate selection and appointment process⁶ shall be determined by the Mayor and the Assembly's staffing committee acting jointly.

3. External Recruitment and short-listing of the Statutory Officers

3.1 Where it is not proposed or possible to designate a statutory officer in accordance with 2.1 above, a recruitment and selection process must be followed and the Head of Human Resources shall⁷:

- a. draw up a job description and person specification which sets out:
 - (i) the duties and accountabilities of the officer concerned; and

¹ All references to the GLA Act 1999 (as amended) are references to the 1999 Act as amended by the GLA Act 2007.

² Required under the GLA Act 1999 (as amended) s 72(1)

³ Required under the GLA Act 1999 (as amended) s 73 (1)

⁴ Required under the GLA Act 1999 (as amended) s 127 and 127A

⁵ This is provided for in the Local Authorities (Standing Orders) Regulations 1993/202

⁶ Note that, whilst the Assembly's staffing committee can determine this, the full Assembly must take any decision to appoint, and as to terms and conditions of the appointment.

⁷ The following provisions incorporate the requirements of the Local Authorities (Standing Orders) Regulations 1993/202
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(ii) any qualifications, skills and experience required;

- b. make arrangements for a copy of the documents mentioned at (a) above to be sent to any person on request; and
- c. shall make arrangements for the post to be brought to the attention of persons who are qualified to apply for it (ie through an advertising and/ or search process).

3.2 Where a post has been advertised as set out in 3.1 above, the Mayor and the London Assembly (through its staffing committee) shall approve the arrangements for the selection of a shortlist of such qualified applicants to be interviewed in accordance with section 4 of this protocol below.

3.3 Where no qualified person has applied, the Head of Human Resources shall make further arrangements for advertisement in accordance with paragraph 3.1 above.

4. Appointment of the Statutory Officers

4.1 The Mayor and Assembly are required to make appointments to these three statutory officer posts acting jointly.

4.2 Subject to any express decision of the Mayor⁸ and/or the Assembly to the contrary, the interviews for a vacant statutory officer post should be conducted concurrently⁹ through the use of one of the following options (to be determined by the Mayor¹⁰ and Assembly as necessary):

- A. the Mayor, and a representative of his staff appointed under s 67(1) of the GLA Act acting as an adviser to the Mayor, and a sub-committee of up to seven members of the Assembly's staffing committee, with such membership being politically proportional as per the usual rules as to proportionality; or
- B. up to two representatives of the Mayor, who must be staff appointed under s 67(1) of the GLA Act, and a sub-committee of the Assembly's staffing committee (with membership as set out in (a) above)

WITH

- (i) formal decisions being taken *subsequent to the conclusion of the interview process* by the Mayor taking his decision on appointment and terms and conditions via a Mayoral Decision from (following a recommendation from one of his appointees if under option b), and the Assembly's staffing sub-committee making a recommendation to the full Assembly to appoint a candidate upon recommended terms and conditions. (In these circumstances, any offer of employment will need to be made conditional upon and subject to the formal approval of the Mayor and the Assembly).

4.3 The Head of Paid Service will participate in the interviews of candidates for the posts of Monitoring Officer and Chief Finance Officer (in an advisory capacity).

4.4 The Mayor and Assembly (through its staffing committee) may jointly agree to invite any external persons to provide expert, independent advice to them (concurrently) during the recruitment process and/or at the interviews.

⁸ In respect of the matters relating to the Mayor within this protocol

⁹ The interviews are concurrent because an ordinary committee or sub-committee of the Assembly may only comprise Assembly Members

¹⁰ With a formal written delegation being made to one of his appointees where this is required by any of the options below

- 4.5 Other than in exceptional circumstances, the composition of those conducting the interviews should remain the same for all candidates in all rounds of interviews for a statutory officer vacancy.
- 4.6 Any proposed appointment will be subject to references and the Authority's usual pre-employment checks.
- 4.7 In announcing any appointment decisions, the Authority will be open and transparent about the appointments process followed.

5. Terms and Conditions

- 5.1 The Mayor and Assembly are required, acting jointly, to determine the terms and conditions of the statutory officers.
- 5.2 The full Assembly must decide any changes to the statutory officers' terms and conditions.
- 5.3 By adopting this document the Mayor and Assembly jointly agree that, as a matter of principle, terms and conditions that apply to all staff appointed by the HOPS¹¹, should normally also apply to the statutory officers.
- 5.4 To this end, when the Head of Paid Service (HOPS) consults with Mayor and the Assembly's staffing committee upon proposed changes to terms and conditions of employment that apply to staff appointed by the HOPS,¹² the Mayor should be asked, and the Assembly's staffing committee should also be asked to recommend to the full Assembly, whether or not (upon the HOPS agreeing to the proposed changes) to apply the proposed change to terms and conditions in respect of the statutory officers.
- 5.5 In some circumstances, however, and due to the nature of their offices, the statutory officers do need to have terms and conditions of employment that are different to those that apply to all staff appointed by the HOPS.
- 5.6 Such terms and conditions must be approved by the Mayor and the Assembly acting jointly, and have been so approved as attached at Appendices 2-3 to this document.
- 5.7 Before any proposals to change the terms and conditions of the statutory officers are submitted to the Mayor and the Assembly, the statutory officers themselves must be consulted on the proposals.

6. Disciplinary action, investigations and grievances

- 6.1 Disciplinary matters are dealt with at Appendix 2 to this document.
- 6.2 In the event that any grievance issues arise in respect of a statutory officer (that do not contain allegations of misconduct by a statutory officer that require to be investigated in accordance with Appendix 2 to this protocol), these will be considered and, as necessary, investigated through arrangements decided by the Mayor and Assembly acting jointly (in accordance with agreed grievance procedures), who are responsible for taking further action(s) as they deem necessary.

¹¹ "Terms and conditions" here includes any employment protocols or policies that confer contractual rights upon all staff appointed by the HOPS.

¹² Or proposed changes to employment protocols or policies that confer contractual rights upon all staff appointed by the HOPS.

6.3 In the event of a grievance raised by a statutory officer, this will be dealt with in accordance with the Authority's standard grievance procedure, unless the nature of the grievance makes it appropriate for it to be dealt with in accordance with arrangements decided by the Mayor and Assembly acting jointly.

7. Dismissal

7.1 The statutory officers may only be dismissed by the Mayor and the Assembly acting jointly.

7.2 Detailed procedures in respect of how the statutory officers may be dismissed as a result of probationary, disciplinary or capability (excluding ill health) action are contained in Appendix 2. Appendix 3 modifies the GLA's sickness policy and sets out a procedure in respect of how the statutory officers may be dismissed as a result of ill health.

STATUTORY FUNCTIONS OF OFFICERS OF THE AUTHORITY

PART I**STATUTORY OFFICER FUNCTIONS OF THE AUTHORITY****1. The Chief Executive (Head of Paid Service)**

- a) Functions of the proper officer of the Authority for the purposes of Parts I and II of the Greater London Authority Act 1999 (as amended), other than those relating to Part VA of the Local Government Act 1972 (access to information) as applied to the Assembly by Section 58 of the GLA Act 1999 (Openness) (see below).
- b) Functions of head of the Authority's paid service under the Greater London Authority Act 1999.
- c) Functions of proper officer of the Authority for the purposes of Part III of the Local Government Act 1974 (local government administration) as applied to the Authority by Section 74 of the GLA Act 1999.
- d) Functions of the proper officer of the Authority for the purposes of Sections 225 (deposit of documents) and 228 (inspection of documents) of the Local Government Act 1972 as applied to the Authority by Section 75 of the GLA Act 1999.
- e) Functions of head of paid service under Part I of the Local Government and Housing Act 1989 generally, including under Section 4 (designation and reports of head of paid service) as applied to the Authority by Section 72 of the GLA Act 1999.
- f) Functions of the proper officer under the Local Government and Housing Act 1989 generally.
- g) Functions of the Greater London Returning Officer under the Greater London Authority Act 1999 and the Representation of the People Acts for the purposes of Section 35(2C) of the Representation of the People Act 1983 (returning officer at elections of Mayor and London Assembly Members).
- h) Functions of the proper officer under the Representation of the People Act 1983.
- i) Functions of the returning officer under the Representation of the People Act 1983.
- j) Functions of the appropriate officer under Part II of the Representation of the People Act 1983 (The Election Campaign).
- l) Subject to the approval of the Mayor and London Assembly for matters unrelated to elections for the Mayor or Members of the Assembly, functions of any proper officer, regional, local or other returning officer or of an appropriate officer (or other, however designated) under the Representation of the People Acts or under any other enactment concerning electoral matters generally, or the elections for the Mayor or Members of the Assembly and any other elections or referendum for which he/ she becomes responsible.
- m) The functions under any other enactment (whenever passed) of a proper officer or responsible officer (or other designation used in the enactment) as regards areas not falling within paragraphs 2(d) and 3(d) below.
- n) The functions of consulting with the Mayor and the Assembly and appointing staff under s 67(2) of the GLA Act, and determining such staffs' terms and conditions of employment under s 70(2) of the GLA Act.

2. The Executive Director of Resources (Chief Finance Officer and “section 127 officer”)

- a) Functions of the chief finance officer responsible for the proper administration of the financial affairs of the authority under Section 127(1) of the Greater London Authority Act 1999.
- b) Functions of the responsible officer under Local Government Finance Act 1988.
- c) Functions of the proper officer under the Local Government Finance Act 1988.
- d) The functions under any other enactment (whenever passed) of a chief finance officer, proper officer or responsible officer (or other designation used in the enactment) concerning the Authority’s accounting practices, audit arrangements or its financial affairs and arrangements.

3. The Monitoring Officer

- a) Functions of the monitoring officer for the Authority under Section 5 of the Local Government and Housing Act 1989.
- b) Functions of the monitoring officer under Part III of the Local Government Act 2000 (as amended) including the GLA Code of Conduct, and the Standards Committee (England) Regulations 2008/1085, and any rules as to the investigation and determination of alleged breaches of that Code.
- c) Functions of the proper officer of the Authority under Sections 229 (photographic copies of documents) and 234 (authentication of documents) of the Local Government Act 1972 as applied to the Authority by Section 75 of the GLA Act 1999.
- d) The functions under any other enactment (whenever passed) of a monitoring officer, proper officer or responsible officer (or other designation used in the enactment) concerning the Authority’s legal affairs and arrangements, including compliance with the law.

PART II

STATUTORY FUNCTIONS OF OTHER OFFICERS OF THE AUTHORITY

1. The Executive Director of Secretariat

1. Functions of proper officer of the authority for the purposes of Part VA (Access to Meetings and Documents of Certain Authorities, Committees and Sub-Committees) of the Local Government Act 1972 as applied to the Assembly by Section 58 (openness) of the GLA Act 1999.
2. Functions of the proper officer under Sections 15 to 17 (political balance on committees etc.) of the Local Government and Housing Act 1989 including under the Local Government (Committees and Political Groups) Regulations 1990.

Statutory Officers – Performance, Disciplinary and Dismissal Procedure

1. This procedure incorporates provisions of the Local Authorities (Standing Orders) (England) Regulations 2001/3384.
2. Those Regulations, and accordingly this procedure, set out the requirements that must be followed when an allegation of alleged misconduct by a statutory officer (which may be contained within a grievance) requires to be investigated, and when proposing to dismiss a statutory officer for any reason other than redundancy, ill health or the non-renewal of a fixed term contract – so, when proposing to dismiss (whether in the probationary period or otherwise) for reasons of poor performance (capability), and misconduct. When proposing to dismiss a statutory officer for some other substantial reason (as referred to in the Employment Rights Act 1996), advice should be sought as it may not be necessary to comply with the requirements of this procedure.
3. For the purposes of establishing whether or not there is case worthy of investigation under 4 below, the Mayor and the Assembly's staffing committee may agree that a preliminary investigation be carried out or commissioned by an appropriately senior officer of the Authority.
4. Where the Mayor and the Assembly's staffing committee:
 - (a) agree that an allegation of alleged misconduct by a statutory officer requires to be investigated; or
 - (b) agree to *propose* to dismiss a statutory officer (on the grounds subject to this procedure, set out in paragraph 2 above)they shall jointly appoint - with the agreement of the statutory officer concerned – a designated independent person ("DIP") to investigate. If the statutory officer will not agree the DIP, that person will be appointed by the Secretary of State. The Mayor and the full Assembly may also jointly agree to suspend the statutory officer for a maximum of up two months, for the purposes of a DIP conducting an investigation.
5. A DIP must produce an investigation report.
6. No action (other than a maximum of a two-month suspension for the purposes of a DIP conducting an investigation) can be taken other than in accordance with a recommendation of a DIP, contained in a DIP's report.
7. The DIP may direct that:
 - the Authority (acting by the Mayor and the Assembly jointly) terminate any suspension of the relevant officer, OR
 - the previously determined suspension period be extended, OR
 - the terms of the previously determined suspension be varied, OR
 - no steps (by or on behalf of the Authority) in respect of an allegation of alleged misconduct by a statutory officer, or proposals to dismiss a statutory officer (on the grounds subject to this procedure, set out in paragraph 2 above) other than in the presence, or with the agreement, of the DIP be taken before a report is made to the Mayor and the Assembly by the designated, independent person.

8. For the purposes of the DIP's investigation, the DIP:
 - may inspect any documents relevant to the alleged misconduct, or proposals to dismiss, which are in the possession of the Authority, or which the Authority has the power to authorise the DIP to inspect;
 - may require any member of staff of the Authority to answer questions concerning the matters to be investigated by the DIP.

9. In the DIP's investigation report the DIP must:
 - state an opinion as to whether (and, if so, the extent to which) the evidence he or she has obtained supports:
 - (a) any allegation of misconduct by the relevant statutory officer, or
 - (b) any proposals to dismiss the relevant statutory officer (on the grounds subject to this procedure, set out in paragraph 2 above)
 - recommend any action which appears to the DIP to be appropriate for the Authority (acting by the Mayor and the full Assembly jointly – where the recommended action is dismissal, or where the recommended action is short of dismissal) to take against the relevant statutory officer; and
 - provide a copy of the report to the relevant statutory officer no later than the time that the DIP provides it to the Mayor and the full Assembly..

10. The Mayor and the full Assembly (acting jointly) can only take action against a statutory officer in accordance with a recommendation of the DIP, as contained in the DIP's report.

11. The joint decision of the Mayor and the Assembly, made in accordance with paragraph 10 above shall be final, and the statutory officer will have no right of appeal.

The GLA's sickness policy applies to the statutory officers but with the following modifications:

- All the statutory officers shall report their sickness absence to their line manager.
- Usually, the Head of Paid Service shall exercise management responsibilities under the procedure in respect of the Monitoring Officer and the Chief Finance Officer (unless the Mayor and the Assembly acting jointly decide to exercise their powers in this regard).
- The Mayor and the Assembly acting jointly (in such a manner as they agree) shall exercise management responsibilities under the procedure in respect of the Head of Paid Service.
- Final formal interviews under the sickness policy should only be conducted in respect of the statutory officers strictly in relation to their ill health (otherwise, for matters of capability and conduct, Appendix 2 above applies). Prior to any final formal interviews, the Authority should consider appointing an independent medical adviser (at its own cost), where the medical opinion of the statutory officer's medical adviser and the Authority's medical adviser are not in agreement. The Mayor and Assembly acting jointly (in such a manner as they agree) will conduct and determine all final formal interviews, and appeals against dismissal, under the sickness policy in respect of all the statutory officers.