

Subject: Draft GLA Budget 2011-12

Report to: Budget and Performance Committee

Report of: Chief Executive & Executive Director of Resources

Date: 24 November 2010

This report will be considered in public

1. Summary

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

2. Recommendation

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

3. Background

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

4. Issues for Consideration

- 4.1 The issues arising are highlighted in the appended report.

5. Legal Implications

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

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

6. Financial Implications

- 6.1 Financial issues are integral to the consultation document.

List of appendices to this report:

Appendix 1 – Draft GLA Budget 2011-12

Local Government (Access to Information) Act 1985
List of Background Papers: None
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