

Subject: Assembly Budget Requirement 2019-20

Report to: GLA Oversight Committee

Report of: Executive Director of Secretariat

Date: 17 October 2018

This report will be considered in public

1. Summary

- 1.1 This report sets out the timetable and process for the Assembly to inform the Mayor of the Assembly's estimated 2019-20 budget requirement in advance of the Mayor issuing a draft budget proposal and requests the Committee to agree and recommend to the Mayor the proposed Assembly budget submission for 2019-20.

2. Recommendations

- 2.1 **That the Committee agrees the London Assembly's draft budget requirement for 2019-20 for recommendation to the Mayor, subject to any changes that might be necessary prior to the final agreement on the budget in February 2019 to reflect:**
- (a) Any further advice from the Executive Director of Resources on contingencies and financial reserves; and**
 - (b) Any changes that emerge during the remainder of the budget process.**
- 2.2 **That the Committee approves the general use of the Assembly's budget, as allocated to the relevant teams within the Secretariat by the Committee in March each year, as set out in this report.**

3. Background

- 3.1 The GLA Act 2007 introduced separate component budgets for the London Assembly and the Mayor, with the aim of giving the Assembly more control over its own budget and thus protecting its ability to continue to carry out its statutory functions.
- 3.2 The component budget for the Assembly comprises the estimates for defined expenditure (essentially direct expenditure), income and appropriate contingencies and financial reserves. The component budget for the Mayor comprises those items for the rest of the GLA.
- 3.3 The expenditure that is to be regarded as incurred by the Assembly in the performance of its functions includes any expenditure by the Authority in the performance of its functions which is incurred in respect of any of the following:

- a) The Assembly Members;
 - b) The Assembly Secretariat (defined as employees of the Authority who normally work as support staff for the Assembly or Assembly Members);
 - c) Goods or services procured solely for the purposes of the Assembly; and
 - d) The London Transport Users' Committee (London TravelWatch).
- 3.4 Expenditure incurred on accommodation in relation to the Assembly's business and goods and services provided or procured for the Authority in general are deemed by the legislation to be part of the Mayor's budget.
- 3.5 The legislation defines the Assembly's functions as:
- a) Such of the functions of the Authority as are exercisable only by the Assembly acting on behalf of the Authority; and
 - b) The Assembly's function of acting jointly with the Mayor in the case of those functions of the Authority which are exercisable only by the Mayor and the Assembly acting jointly on behalf of the Authority.

4. Timetable and Process

- 4.1 Prior to the Mayor issuing draft budget proposals for the GLA Group for wider consultation (normally in December each year), the Mayor must consult the Assembly before proposing draft budgets for the Mayor and the Assembly. The Assembly's Budget and Performance Committee (in accordance with its agreed terms of reference) will consider those proposals (the draft budgets for the Mayor and Assembly) at its meeting to be held in November 2018.
- 4.2 This report provides the basis for the Committee, on behalf of the Assembly, to inform the Mayor of the Assembly's estimated 2019-20 budget requirement in advance of him issuing a draft budget proposal. It also then provides Members with a reference point for any future discussion with the Mayor on the Assembly's budget throughout the budget process.
- 4.3 The planned timetable and process that will then follow is set out below:

Mid-December to mid-January	The Mayor consults the Assembly and other appropriate bodies on the draft consolidated budget.
Mid to late January	The Mayor determines the final contents of his draft consolidated budget and presents it to the Assembly at its meeting on 24 January 2019 for the Assembly to approve with or without amendment.
Early to mid-February	The Mayor prepares and presents his final draft consolidated budget with or without Assembly amendments (in the latter case the Mayor must provide a written statement of reasons) to the Assembly on 25 February 2019. The Assembly then approves the Mayor's final draft consolidated budget with or without amendment. The only amendments which can be made are those agreed by at least two-thirds of the Assembly Members voting in favour.

- 4.4 At the final budget stages, the Committee will note that the GLA Act 2007 limits the Assembly's powers to amend the Mayor's draft component budget requirement for the Assembly by reference to the year-on-year change in the Mayor's draft component budget requirement for the Mayor.

5. The Assembly

- 5.1 The primary purpose of the London Assembly is to hold the Mayor to account and investigate matters of interest to Londoners. This is done in a variety of ways including questioning at Mayor's Question Time meetings and other Assembly meetings, investigations and monitoring by the Assembly's committees and panels, individual rapporteurships by Assembly Members and bringing the work, recommendations and views of the Assembly to the attention of key stakeholders. Assembly Members also have a representative role in relation to their constituents.
- 5.2 The Secretariat supports the Assembly's functions primarily through the work of five services:
- (a) Member Services (the staff working for each Party Group/single Member). The Member Services budgets support the staffing and corporate (pay, IT, FM, recruitment, printing, travel and subsistence, stationery, catering, fixtures and fitting for offices) resource for the party groups teams and activities such as staff training, Members' stakeholder communications, engagement and events, Member development and support for interns / work experience placements;
 - (b) Scrutiny and Investigations – the Scrutiny team's budget supports staffing and corporate (pay, IT equipment, FM, recruitment, printing, travel and subsistence, stationery, catering) resource for this team, and activities such as staff training & development, and includes a programme budget that supports the Assembly scrutiny committees' work, including events, site visits, surveys, focus groups, stakeholder engagement (including the Secretariat's stakeholder management service) and consultancy support for projects (once approved by the Assembly);
 - (c) Committee Services – the Committee Services team budget supports staffing and corporate (pay, IT equipment, FM, recruitment, printing, travel and subsistence, stationery, catering) resource for this team, and activities such as staff training & development, transcription services for Assembly and committee meetings and the Secretariat's agenda management and MQT database systems, as well as support for the Secretariat's participation in the UK-wide Committee Secretariats' Network. In addition, the Assistant Director for Committee & Member Services is also the budget holder for the Assembly Members' cost centre, which funds Members' salaries and pension payments, Member development, catering, IT equipment and printing costs (as necessary);
 - (d) External Communications – the External Communications team's budget supports staffing and corporate (pay, IT equipment, FM, recruitment, printing, travel and subsistence, stationery, catering) resource for this team, and activities such as the Secretariat's media monitoring services, the provision of specialised equipment and software for video and digital content and the provision of newspapers and journals; and
 - (e) Executive Director – the Director's budget supports staffing and corporate (pay, IT equipment, FM, recruitment, printing, travel and subsistence, stationery, catering) resource for the Director and Executive Support function.

5.3 The Assembly's budget requirement for 2018-19 totalled £7.8 million, as follows:

Budget	2018-19 £000
Assembly Members	1.8
Member Services	2.2
Scrutiny & Investigations	1.5
External Communications	0.3
Committee Services	0.7
Director/Business Support	0.3
London TravelWatch	1.0
Total	7.8

5.4 The total of £7.8 million is funded as follows:

	2018-19 £000
Business Rates Retention	5.2
Council tax	2.6
Total	7.8

5.5 The Mayor's budget guidance, issued in June 2018, proposed that the Assembly's budget requirement should be £7.8 million in 2019-20 and then £7.9 million in the three financial years thereafter. Following further discussions, it is now proposed that the Assembly budget requirement in 2019-20 is £8.0m. This is as a result of factoring in to the Assembly budget component the full financial impact of the staff pay awards for 2018-19 and 2019-20.

5.6 Following the GLA elections in May 2016, Assembly budgets were re-allocated to take account of the changes to the membership of the Assembly and staffing structures revised to support the Assembly Members and committee structure. The current total includes provision for Assembly Members' new pension scheme, for the support required for the London Assembly's Fire, Resilience and Emergency Planning scrutiny committee, and for the pay rises approved in 2018.

6. Reserves

6.1 The Assembly currently has reserves of £1.49m of which £0.86m is earmarked for commitments in relation to Assembly Members Resettlement Grant payments and the remainder is to cover any potential redundancy costs in the future and other unforeseen demands on the Assembly's budgets. The maintenance of this reserve becomes even more important as the pressure on the budgets increase.

6.2 The Authority's chief finance officer has a duty to report on the robustness of the adequacy of the proposed financial reserves and this will be covered in advice to the Mayor and the Assembly when final budgets are set in 2019.

7. Pay

- 7.1 The Assembly's proposed budget requirement of £8.0m for 2019-20 includes provision for a 2% pay rise for staff and Assembly Members, and additional funding for the final 2018-19 pay settlement, as shown in the table here:

Relating to actual 2018-19 award	39
2% pay inflation	111
2019-20 increase from 2018-19	150

8. Proposed budget submission

- 8.1 In light of the information provided above, noting that no additional growth proposals are proposed at this stage but subject to any changes that emerge during the remainder of the budget process, the proposed budget submission that Members are asked to agree and recommend to the Mayor is currently as shown below.

Budget

	2019-20
	£m
Assembly Members	1.9
Member Services	2.3
Scrutiny & Investigations	1.5
External Communications	0.3
Committee Services	0.7
Director/Business Support	0.3
London TravelWatch	1.0
Total	8.0

9. Legal Implications

- 9.1 Under the GLA Act 1999 (as amended) Schedule 6 paragraph 1(1) the Mayor and the Assembly must prepare and approve for each financial year, in accordance with Schedule 6 of that Act, a component budget for each constituent body and a consolidated budget for the Authority.
- 9.2 By virtue of section 85(3) of the GLA Act 1999 (as amended), the Mayor and the Assembly are separate constituent bodies, for the purposes of budget setting, and the Assembly has its own component budget. Sections 85 and 86 of the GLA Act 1999 (as amended by the 2007 Act) contain formulae for calculating each constituent body's component budget requirement.
- 9.3 The Assembly's functions are defined in the GLA Act 1999 (as amended) section 85(14) as such functions of the Authority as are exercisable only by the Assembly acting on behalf of the Authority; and the Assembly's functions of acting jointly with the Mayor in the case of those functions of the Authority which are exercisable only by the Mayor and the Assembly acting jointly on behalf of the Authority.

- 9.4 In addition, the GLA Act 1999 (as amended) section 85 (11) defines what expenditure is to be regarded as incurred by the Assembly in the performance of its functions (and therefore to be included within its component budget) as any expenditure by the Authority in the performance of its functions which is incurred in respect of any of the following:
- (a) the Assembly Members;
 - (b) the Assembly Secretariat (defined as employees of the Authority who normally work as support staff for the Assembly or Assembly Members);
 - (c) goods or services procured solely for the purposes of the Assembly; or
 - (d) the London Transport Users' Committee (known as London TravelWatch).
- 9.5 It does not, however, include expenditure by the Authority in respect of (i) accommodation provided or procured in whole or in part for the conduct of the business of the Authority, or (ii) goods or services provided or procured for the Authority in general (see GLA Act 1999 (as amended) section 85 (11-12)).
- 9.6 The GLA Act 1999 (as amended) Schedule 6 sets out the procedural requirements for determining the component budget requirements of the constituent bodies. This applies to the Assembly's component budget and includes a requirement for the Mayor to consult with the Assembly.
- 9.7 Under paragraph D1 of the Terms of Reference of the Assembly's GLA Oversight Committee, that Committee has the power to recommend to the Mayor a budget proposal for the London Assembly for the following financial year.
- 9.8 Recommendations 2.1 and 2.2 of this report fall within the powers of the Assembly's GLA Oversight Committee.

10. Financial Implications

- 10.1 The Mayor's proposed GLA budget for 2019-20 will be issued in November 2018 and will be considered by the London Assembly's Budget and Performance Committee. The Mayor will consider the Assembly's proposed budget requirement for 2019-20 prior to issuing those budget proposals.

List of appendices to this report:

None.

Local Government (Access to Information) Act 1985
List of Background Papers: 'Allocation of Assembly Budget 2018-19' , report to GLA Oversight Committee on 20 March 2018
Contact Officer: Ed Williams, Executive Director of Secretariat
Telephone: 020 7983 4207
E-mail: ed.williams@london.gov.uk