

Greater London Authority (GLA)

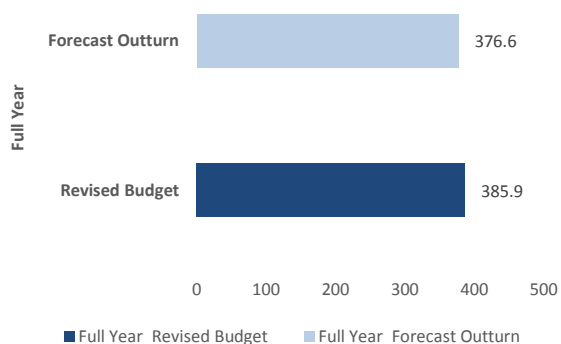
Finance Report Quarter 1 2019-20

1. Introduction

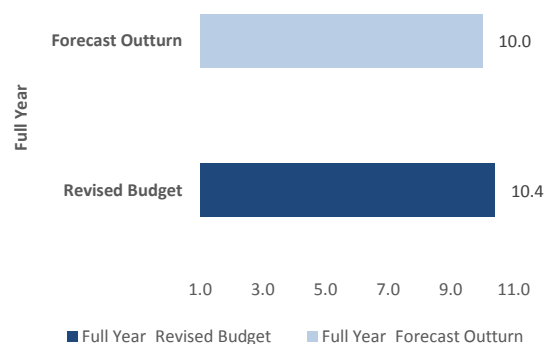
- 1.1 The revenue and capital forecasts (in gross terms) for the year are shown in the table below. A more detailed commentary can be found at Section 2 (Revenue) and Section 3 (Capital), to which the latest reserves forecast is appended. Details at a programme level of performance against profiled expenditure as at Q1 are included in the suite of ten dashboards which form part of this reporting pack. The GLA's Adult Education Budget (AEB) for 2019-20 stands at £192.8m and comprises as much as half of the GLA's net revenue budget for directorates of £385.9m.

Quarter 1	Full Year Position		
2019-20	Budget	Forecast	Variance
	£m	£m	£m
Revenue: Directorates	385.9	376.6	(9.2)
Revenue: Corporate items	10.4	10.0	(0.4)
Capital: Directorates	1,049.5	982.9	(66.6)
Capital: Corporate items	1,250.2	1,250.3	0.1
Total	2,696.0	2,619.8	(76.2)

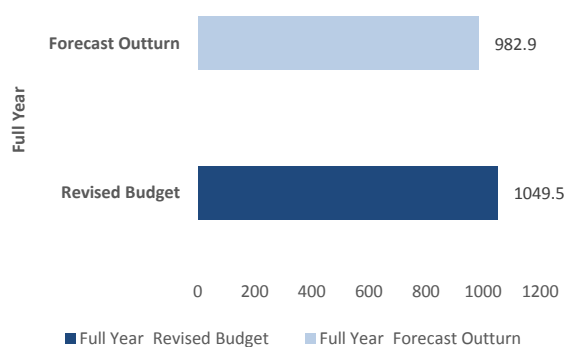
Revenue: Directorates



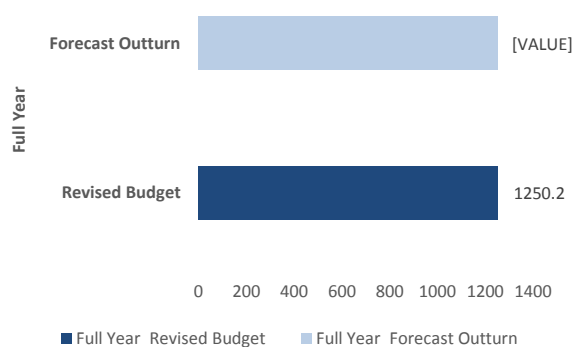
Revenue: Corporate



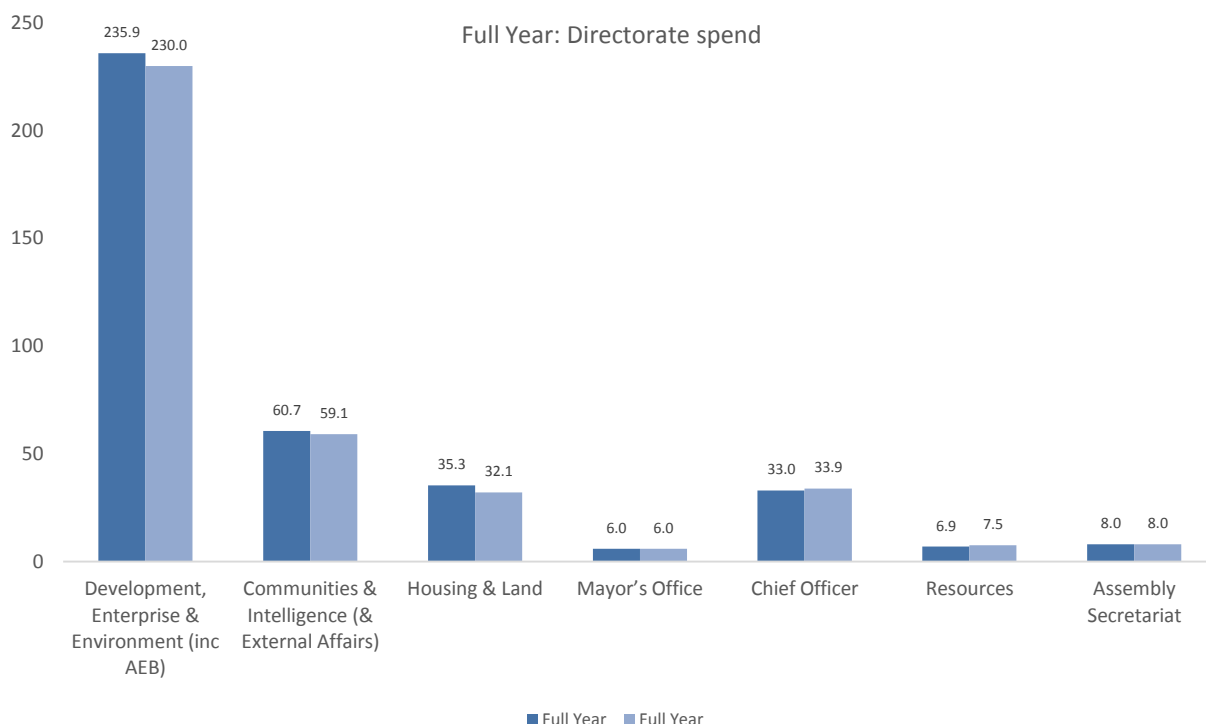
Capital: Directorates



Capital: Corporate



2. Revenue



Housing & Land

Directorate	Full Year Variance £m	Principal items £m
Housing & Land (H&L)	(3.2)	<ul style="list-style-type: none"> (2.7): Move On (income received early) (0.5): Homebuilders Capacity Fund

- 2.1 The forecast variance of £3.2m arises in part from £0.5m for the Homebuilders Capacity Fund. The Fund is a two-year programme which launched after the start of the current financial year. Boroughs were asked to reprofile their proposals, bearing in mind that they would not be in contract immediately. This has resulted in an adjustment of £0.5m to the profile of expenditure for this programme. The adjusted funding will be taken up in 2020-21. A further £2.7m variance relates to income received sooner than expected for the externally funded Move On programme. This income has the same effect on the forecast as a project underspend would have.

Development, Enterprise & Environment

Directorate	Full Year Variance £m	Principal items £m
Development, Enterprise & Environment	(5.9)	<ul style="list-style-type: none"> • (1.4): Skills & Employment • (3.7): Regeneration & Economic Development, comprising: <ul style="list-style-type: none"> - (0.7): FE Capital - (2.3): Skills for Londoners - (0.7): Good Growth Fund • (0.9): Environment

Skills & Employment

- 2.2 There is an underspend of £1.4m forecast of which £1.2m relates to the Mayor's Construction Academy due to delays with the Quality Mark review and application process, which stalled the Round 2 funding prospectus.

Regeneration & Economic Development

- 2.3 There is a forecast underspend of £3.7m as a result of:
- £0.7m of the FE Capital programme being held back for future years' independent monitoring services;
 - £2.3m from the Skills for Londoners' programme being ring-fenced for future developments in external applications, which in turn is dependent on confirmation from Government of future Growth Deal grant; and
 - £0.7m on the Good Growth Fund slipping due to the team prioritising the larger, capital expenditure items in the latest round of Good Growth Fund grant allocations.

Environment

- 2.4 There is a forecast underspend of £0.9m. This is mainly as a result of a revised timetable for the Tree Delivery Programme, as set out in MD2285.

Communities & Intelligence

Directorate	Full Year Variance £m	Principal items £m
Communities & Intelligence including External Affairs	(1.6)	<ul style="list-style-type: none"> • (2.7): Health, Education & Youth, comprising: <ul style="list-style-type: none"> - (2.6): Various items across Education & Youth - (0.1): Health • 0.5: Team London & Sport, comprising: <ul style="list-style-type: none"> - (0.3): Various minor variances - 0.8: EURO 2020 • 0.3: Culture & Creative Industries <ul style="list-style-type: none"> - 0.3: Various programme items • 0.4: External Affairs <ul style="list-style-type: none"> - 0.4: Events

Health, Education & Youth

- 2.5 There is a £2.7m underspend forecast, which relates to a proposed re-profiling of the Health, Education & Youth budget up to 2022-23 to reflect delivery plans.

Team London & Sport

- 2.6 For EURO 2020, an overspend of £0.8m is forecast, reflecting the increased budget secured through MD2486.

External Affairs

- 2.7 External Affairs has a forecast overspend of £0.4m, due to £0.3m of additional funding for Notting Hill Carnival (agreed via MD2425) for increased stewarding, a new community stewarding programme and enhanced community engagement and also due to £0.1m of additional funding for London Pride (agreed via MD2251) for increased presence at the Parade, a GLA Pride reception, funding for UK Black Pride and for other activity to support the LGBT community.

Chief Officer

Directorate	Full Year Variance £m	Principal items £m
Chief Officer	0.9	<ul style="list-style-type: none"> • 0.4: Facilities Management • 0.4: Technology Group

Facilities Management

- 2.8 There is a forecast overspend of £0.4m which is mainly due to:
- Unbudgeted hire costs for a mobile elevated working platform to clean the City Hall windows (an MD is being prepared for a capital purchase); and
 - Income not achieved due to large number of GLA or waived cost events reducing capacity for fee paying events.

Technology Group

- 2.9 Staffing spend is currently forecast to be over budget at year end due to the current need to use agency temps to fill service desk and engineer positions as a result of challenges encountered in trying to hire permanent staff.

Resources

Directorate	Full Year Variance £m	Principal items £m
Resources	0.6	<ul style="list-style-type: none"> • 0.6: Finance & Governance, comprising: <ul style="list-style-type: none"> - 0.4: Staffing - 0.2: Procurement

Finance & Governance

- 2.10 The full year forecast of an overspend for the unit arises in part from agency staffing costs. A restructuring is currently underway to address this issue.
- 2.11 In addition, there is a forecast overspend on the procurement budget due to increased activity levels, comprising the following areas of GLA activity: events, marketing, community & rough sleeping services and ESF.

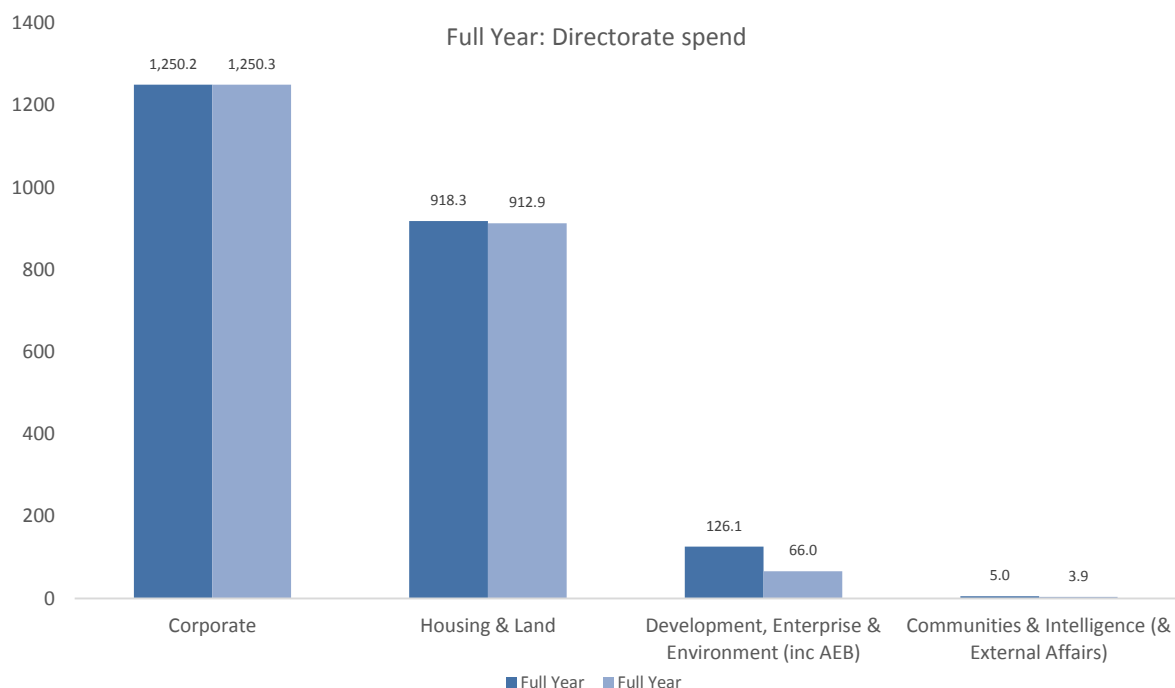
2019-20 Quarter 1 REVENUE

	Full Year		
	Revised Budget at Q1	Forecast Year End Expenditure/ Income	Variance (FY Revised Budget v Forecast)
	£000	£000	£000
Directorate Expenditure			
Chief Officer			
City Ops	602	602	0
Core CMT	504	557	53
Elections	3,700	3,700	0
Facilities Management	17,819	18,214	395
HR & OD	4,124	4,124	0
Mayoral Boards	174	174	0
Standards (Monitoring Officer)	19	19	0
Technology Group	4,597	5,043	446
Transformation Fund	1,500	1,500	0
Total Chief Officer	33,039	33,933	894
Mayor's Office			
Deputy Mayors' Support	1,087	1,087	0
Mayoral Support Teams	1,971	1,971	0
Mayor & Mayoral Appointees	2,222	2,222	0
Private Office & Correspondence	694	694	0
Total Mayor's Office	5,974	5,974	0
Resources			
Executive Director	1,777	1,777	0
Finance and Governance	4,092	4,692	600
Group Finance	1,063	1,063	0
Total Resources	6,932	7,532	600
Development, Enterprise & Environment			
Environment	16,336	15,483	(853)
EPMU	354	354	0
Executive Director	575	575	0
Growth & Infrastructure	758	708	(50)
London Economic Action Partnership (LEAP)	495	495	0
Planning	3,045	3,045	0
Regeneration & Economic Development	15,120	11,459	(3,661)
Skills & Employment	5,834	4,471	(1,363)
Transport	657	657	0
Total Development, Enterprise & Environment	43,174	37,247	(5,927)
Communities & Intelligence			
City Intelligence	3,724	3,612	(112)
Communities & Social Policy	3,783	3,767	(16)
Culture	9,928	10,219	291
Executive Director	927	927	0
External Affairs	9,458	9,883	425
Health, Education and Youth	18,960	16,225	(2,735)
Team London & Sport	13,919	14,459	540
Total Communities & Intelligence	60,699	59,092	(1,607)
Housing and Land			
Executive Director	203	203	0
Investment and Operations	2,801	2,800	(1)
Programmes Policy and Services	29,930	26,741	(3,189)
Strategic Projects and Property	2,384	2,384	0
Total Housing and Land	35,318	32,128	(3,190)
AEB	192,760	192,741	(19)
Total Directorate Expenditure	377,895	368,647	(9,248)

2019-20 Quarter 1 REVENUE

	Full Year		
	Revised Budget at Q1	Forecast Year End Expenditure/ Income	Variance (FY Revised Budget v Forecast)
	£000	£000	£000
Corporate Items			
Contingency	978	978	0
London and Partners	13,456	13,456	0
Museum of London	11,600	11,600	0
Net Service Expenditure	403,929	394,681	(9,248)
GLAP			
L&P	1,229	1,229	0
Strategic Projects and Property	5,598	5,598	0
Tax, Interest Payable & Recharges	12,756	12,756	0
Total GLAP	19,583	19,583	0
Bank Charges and Bad Debt	0	0	0
Council Tax Maximisation Projects	0	0	0
Financing costs - Crossrail	124,745	124,745	0
Financing costs - Other (Interest Payable GLA)	6,100	6,100	0
NLE Capital Financing	19,600	19,600	0
Revenue funding LLDC	12,800	12,800	0
Strategic Investment Fund (Group Led)	108,800	108,800	0
Total Net Expenditure	695,557	686,309	(9,248)
Income			
Adjustment for direct net GLAP expenditure	(19,583)	(19,583)	0
Crossrail Business Rate Supplement	(124,745)	(124,745)	0
GLAP Recharge Income	(5,304)	(5,304)	0
Interest Receivable GLA	(13,700)	(13,700)	0
Interest Receivable GLAP Loan	(9,885)	(9,885)	0
NLE Contributions	(19,600)	(19,600)	0
Total Income	(192,817)	(192,817)	0
Total Net Cost of Service	502,740	493,492	(9,248)
Reserves			
Transfer to/(from) reserves GLA	(59,339)	(59,764)	(425)
Utilised Strategic Investment Funds	(57,500)	(57,500)	0
Transfer to MDC Reserve held in Group items budget	2,400	2,400	0
Total Financing Requirement	388,301	378,628	(9,673)
Assembly & Secretariat			
Executive Director	253	253	0
Committee and Member Services	4,869	4,869	0
Scrutiny	1,842	1,842	0
Special Projects	1,036	1,036	0
Total Assembly & Secretariat	8,000	8,000	0
Total Budget including A&S	396,301	386,628	(9,673)

3 Capital



Housing & Land

Directorate	Full year Variance £m	Principal items £m
Housing & Land (H&L)	(5.4)	<ul style="list-style-type: none"> (5.4): Land & Property

- 3.1 H&L is forecasting an underspend of £5.4m for the Land & Property programme. The current year budget was set as part of the corporate capital strategy work in December 2018 and, since then, the expenditure profile has been adjusted to reflect the current position on each project. The profile set in December 2018 included some headroom to allow for additional capital programme expenditure should the need arise for new projects. This year the Land & Property programme capital expenditure relates to three principal projects: Barking Riverside, the London Sustainable Industrial Park and Beam Park Station.

Development, Enterprise & Environment

Directorate	Full year Variance £m	Principal items £m
Development, Enterprise & Environment	(60.1)	<ul style="list-style-type: none"> • (51.7): Regeneration & Economic Development comprising: <ul style="list-style-type: none"> - (10.5): FE Capital - (1.5): London Regeneration Fund - (11.3): Good Growth Fund - (28.4): Skills for Londoners • (8.4): Environment comprising: <ul style="list-style-type: none"> - (1.5): Energy Supply Company - (6.5): Cleaner Heat Cashback - (0.4): Other minor variances

Regeneration & Economic Development

3.2 The slippage is as a result of:

- FE Capital (£10.5m); the Ada project is no longer projected to spend in 2019-20;
- London Regeneration Fund (£1.5m); the proposed reallocation of budget is awaiting approval as part of Good Growth Fund Round 3;
- Good Growth Fund (£11.3m); the budget for 2019-20 was set prior to entering into grant agreements for Good Growth Fund Rounds 1 and 2. The current forecast reflects live project reporting and activities which are in contract. This variance may reduce following further Good Growth Fund Round 2 projects entering into contract; and
- Skills for Londoners (£28.4m); there has been a ring-fencing of certain funds for other purposes, including a Brexit contingency and a reserve for Round 2 projects, which has led to a proposed reprofiling of this budget.

Environment

3.3 The slippage is as a result of:

- £1.5m underspend against the Energy for London Supply Company; this capital budget is due to be converted to revenue and this amount is being held in reserves for that purpose; and
- £6.5m underspend against Cleaner Heat Cashback; following endorsement at the LEAP Board, an MD is being finalised which seeks approval to reallocate £9.0m of capital funds from Cleaner Heat Cashback to other air quality programmes. As part of that, the Energy Saving Trust will be returning £2.5m in 2019-20.

Communities & Intelligence

Directorate	Full year Variance £m	Principal items £m
Communities & Intelligence	(1.1)	<ul style="list-style-type: none">• (1.0): Creative Land Trust•

Culture: Creative Land Trust

- 3.4 Recruitment to the Board for the Creative Land Trust was undertaken during Q4 2018-19 and Q1 2019-20. This took longer than anticipated. The funding agreement between GLA and the Creative Land Trust can now be finalised and this element of the GLA budget can be reprofiled accordingly.

2019-20 Quarter 1 CAPITAL

	Full Year		
	Revised Budget at Q1	Forecast Outturn	Fcst Variance to Revised Budget
	£m	£m	£m
Housing & Land			
Affordable Housing Programme	300.6	300.6	(0.0)
Care & Support	24.0	24.0	0.0
Community Led Housing	2.8	2.8	0.0
Community Housing Fund	16.0	16.0	0.0
Homelessness Change and Platform for Life	6.3	6.3	0.0
Housing Zones (Grants)	123.6	123.6	0.0
Housing Zones (Loans)	106.3	106.3	0.0
Land and Property	31.0	25.6	(5.4)
Land Assembly Fund (MHCLG)	146.8	146.8	0.0
Land Fund (GLAP)	125.5	125.5	0.0
Move On	6.3	6.3	0.0
Royal Docks	23.9	23.9	0.0
Small Sites (H&L)	5.3	5.3	0.0
Total Housing & Land	918.3	912.9	(5.4)
Corporate			
Cross-rail	905.0	905.0	0.0
Northern Line Extension (NLE)	217.0	217.0	0.0
LLDC Loan Funding	87.6	87.6	0.0
LLDC East Bank grant Funding	17.9	17.9	0.0
UCL Cultural & Education District	15.0	15.0	0.0
LLDC JV Trf to GLAP	3.4	3.4	0.0
Elephant & Castle	-	0.1	0.1
Facilities Management	2.6	2.6	0.0
Technology Group	0.6	0.6	0.0
Corporate Operating Open Systems	1.1	1.1	0.0
Total Corporate	1,250.2	1,250.3	0.1
Regeneration & Economic Development (DEE)			
London Regeneration Fund	1.5	-	(1.5)
Mayor's Regeneration Fund/London Enterprise Fund	1.3	1.3	0.0
Growing Places Fund	7.0	7.0	0.0
Further Education	25.3	14.8	(10.5)
Skills For Londoners	47.0	18.6	(28.4)
Good Growth Fund	25.2	13.9	(11.3)
Total Regeneration & Economic Development	107.3	55.7	(51.7)
Environment (DEE)			
Greener City Fund	1.5	1.5	0.0
Bunhill Smart Energy	0.2	0.2	0.0
Air Quality (GD 3)	0.2	0.2	0.0
RE:FIT for Schools	0.2	0.2	0.0
Warmer Homes	3.4	3.4	0.0
Energy Supply Company	1.5	-	(1.5)
Cleaner Heat Cashback	6.5	-	(6.5)
Energy Leap	0.5	0.5	0.0
E-FLEX	0.2	-	(0.2)
Plastic Bottles	1.3	1.1	(0.2)
Total Environment	15.5	7.1	(8.4)
Skills and Employment (DEE)			
Digital Skills	1.5	1.5	0.0
Mayor's Construction Academy	1.5	1.5	0.0
Total Skills & Employment	3.0	3.0	0.0
Planning (DEE)			
London Development Database	0.3	0.3	(0.0)
Total Planning	0.3	0.3	(0.0)
Total Development, Enterprise & Environment	126.1	66.0	(60.1)
Communities & Intelligence			
Museum of London	0.5	0.5	0.0
A Sporting Future for London	1.0	1.0	0.0
Fourth Plinth	0.1	0.1	0.0
Creative Enterprise Zones	0.4	0.3	(0.1)
Creative Land Trust	3.0	2.0	(1.0)
Total Communities & Intelligence	5.0	3.9	(1.1)
Total Capital	2,299.7	2,233.2	(66.5)

Reserves 2019/20		FORECAST	
GLA Reserves	Balance at 1 April 2019	Net Transfer	FORECAST 31st March 2020 Balance
	£000	£000	£000
Reserves to support key revenue budget outcomes			
Directorate Programme	62,018	(28,776)	33,242
Election	12,853	3,175	16,028
Environment Drainage	354	0	354
Major Events	10,995	(5,484)	5,511
New Museum Project	8,000	0	8,000
Planning Smoothing	781	1,800	2,581
Pre Application Planning	1,942	0	1,942
Pre-Application Planning	1,068	0	1,068
Rev Grants Unapp Res	75,194	(20,505)	54,689
Sport Unites	6,743	(3,371)	3,372
Young Londoners Fund Reserve	23,939	0	23,939
Capital Programme - revex/capex funding	0	(5,423)	(5,423)
Total	203,887	(58,584)	145,303
Reserves to support organisational change and transformation			
Development	2,408	0	2,408
Mayoral Resettlement	77	0	77
Total	2,484	0	2,484
Reserves to support on-going asset management			
City Hall Lease Smoothing	3,143	(1,180)	1,963
Estates	7,868	0	7,868
Total	11,010	(1,180)	9,830
Reserves to support on-going capital activity			
Capital Programme	52,234	(8,785)	43,449
LLDC Capital Funding Reserve	126,047	0	126,047
Compulsory Purchase Orders	1,329	0	1,329
Total	179,611	(8,785)	170,826
General			
General Reserve	10,000	0	10,000
Total GLA Reserves	406,991	(68,549)	338,442
Group Reserve	Balance at 1 April 2019	Net Transfer	FORECAST 31st March 2020 Balance
Group Reserve			
Business Rates	188,200	0	188,200
Development Corporations	3,137	0	3,137
Strategic Investment Funds	111,193	0	111,193
Total Group Reserves	302,530	0	302,530
Third party Reserve	Balance at 1 April 2019	Net Transfer	FORECAST 31st March 2020 Balance
Third party Reserve			
London & Partners	2,245	0	2,245
New Homes Bonus	5,163	0	5,163
Total Third Party Reserves	7,408	0	7,408
TOTAL RESERVES	716,930	(68,549)	648,381
Assembly Reserves	Balance at 1 April 2019	Net Transfer	FORECAST 31st March 2020 Balance
Assembly Reserves			
Assembly Development & Resettlement	1,610	0	1,639
Total Assembly Reserves	1,610	0	1,639
	718,540	(68,549)	650,020