

MDA No.: 1495

Title: Response to the Mayor's Draft Consultation Budget 2023-24

1. Executive Summary

1.1 At the Budget & Performance meeting on 21 February 2023 the Committee resolved that:

Authority be delegated to the Chairman, in consultation with the Deputy Chair and party Group Lead Members, to agree any output arising from the discussion.

1.2 Following consultation with party Group Lead Members, the Chairman agreed the Committee's letter to the Mayor of London regarding the response to the Mayor's Draft Consultation Budget 2023-24, as attached at **Appendix 1**.

2. Decision

2.1 **That the Chairman, in consultation with the Deputy Chair and party Group Lead Members, agrees the Committee's letter to the Mayor of London regarding the response to the Mayor's Draft Consultation Budget 2023-24, as attached at Appendix 1.**

Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Printed Name: **Neil Garratt AM, Chairman of the Budget & Performance Committee**

Date: **13 November 2023**

3. Decision by an Assembly Member under Delegated Authority

Background and proposed next steps:

- 3.1 The terms of reference for this investigation were agreed by the Chairman, in consultation with party Lead Group Members and the Deputy Chair, under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the report and its recommendations fall within these terms of reference.
- 3.2 The exercise of delegated authority approving the report will be formally noted at the Budget & Performance Committee's next appropriate meeting.

Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): Paul Goodchild

Printed Name: Paul Goodchild

Date: 10 November 2023

Telephone Number: 07842 600832

Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.

Signature (Finance): Not Required


Printed Name:

Date:

Telephone Number:

Legal Implications:

The Chairman of the Budget & Performance Committee has the power to make the decision set out in this report.

Signature (Legal): 

Printed Name: Rory McKenna, Monitoring Officer

Date: 13 November 2023

Email: rory.mckenna@london.gov.uk

Supporting Detail / List of Consultees:

- Krupesh Hirani AM;
- Caroline Russell AM;
- Caroline Pidgeon MBE AM.

4. Public Access to Information

- 4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.
- 4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.
- 4.3 **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, until what date:

Part 2 – Sensitive Information:

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

Lead Officer / Author

Signature: Gino Brand


Printed Name: Gino Brand

Job Title: Senior Policy Adviser

Date: 10 November 2023

Telephone Number: 07511 213765

Countersigned by Executive Director:

Signature: 

Printed Name: Helen Ewen

Date: 10 November 2023

Telephone Number: 07729 108986



Neil Garratt AM

Chairman of the Budget and Performance Committee

Sadiq Khan
Mayor of London
(Sent by email)

13 November 2023

Dear Mr Mayor,

Response to the Mayor’s Draft Consultation Budget 2023-24 – Budget and Performance Committee

I would like to thank David Bellamy for his response, on your behalf, to the Budget and Performance “Response to the Mayor’s Draft Consultation Budget 2023-24” dated 31 March 2023.

The Committee shares his concerns with aspects of the annual budget scrutiny process and it welcomes the support for its improvement. As you know, the Assembly sought and was given additional funding to increase capacity in the Scrutiny team, and in particular in respect of our financial scrutiny capacity. Recruitment is underway with a new financial scrutiny lead expected to be in post later this financial year.

We agree that there are steps that we can collectively take to improve the process for 2024-25. The Committee set aside its first meeting of the new Assembly year to review the 2023-24 process and to discuss its approach for this year. These have been shared with the Acting Chief Finance Officer and Director of Group Finance and Performance.

The Committee has agreed that the process for this year should address a number of key points:

- it must deliver a focussed approach on key issues of most importance to Londoners;
- recognising the constraints of the budget timetable, the timing and content of meetings will be adjusted to better reflect the maximum information available at the time;
- the timing and content of the Committee’s outputs will be adjusted to ensure these achieve the desired objectives and reach the GLA executive in time to be reviewed during the budget cycle;

- it will ensure time of officers and guests is used to best effect at the most important parts of the cycle.

With these key points in mind, the Committee has agreed an indicative schedule of meetings for 2023-24, which was presented and approved by the Oversight Committee in July 2023. Underpinning this schedule is a comprehensive change in approach to the structure of meetings, a reduced attendance by the Mayor and GLA officers compared with the 2023-24 Budget process, and a different approach to how the Committee intends to report its findings.

The Committee appreciates the effort that has been made by you, your Chief of Staff and all the GLA officers involved throughout the 2023-24 Budget process and particularly in the review of the Committee's report. We take your response seriously, but do not agree with all your conclusions on the accuracy of our report on the budget proposals. The Committee is grateful for the identification of points of clarification and accuracy and will endeavour to make future reports even clearer and less open to interpretation. However, this Committee is confident that none of the issues that have been identified impact any of the substantive conclusions or recommendations in its report. The Committee is also confident that Assembly Members were correctly informed about the substantive issues that the Budget and Performance Committee has identified in the Mayor's budget proposals.

The Committee is happy to discuss these details further and work collaboratively to develop a shared understanding of the substantive issues raised by the Committee, and look to establish the best way forward for all Londoners.

By focusing on the detail in the Committee's report, your response still leaves the Committee with some concerns regarding its recommendations. These are included in Annex A. These are included for clarity and your review ahead of budget decisions in the next cycle, but the Committee does not expect or request a further response on these points ahead of the next budget meetings, unless you wish to provide one.

We appreciate yours, your Chief of Staff's and the GLA officers' attendance and engagement with the Budget and Performance Committee, and we look forward to assessing the draft 2024-25 Budget with the above reflections in mind.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Neil Garratt', written in a cursive style.

Neil Garratt AM
Chairman of the Budget and Performance Committee

Recommendation 2: The Mayor should develop and implement a change to the budget setting process that ensures that additional income beyond that anticipated in budget guidance is allocated through a process that is robust, transparent and sustainable. This should include an additional Budget and Performance Committee meeting to scrutinise his proposals.

The Committee accepts the limitations within the timings of the GLA Budget process. While we appreciate the efforts of officers to share information when it is available, this tends to focus on changes to funding, rather than decisions the Mayor makes about how it is going to be spent or other income sources reduced. Your response claims that the current process is already robust, transparent and sustainable. We disagree. This Committee would like to avoid the situation that occurred this year when it read about a £130 million funding initiative through a press release three days before its final vote on budget proposals.¹

Recommendation 3: The Mayor should reassess the GLA Group reserves position and establish a clear and consistent policy for the use of reserves across the GLA Group.

The response does not reflect or address the evidence presented by the Committee of increasing reserve balances, or the fact that previous plans to decrease the level of reserves have largely not come to fruition. The Committee remains concerned that the GLA Group retains material reserves that have grown significantly under the current Mayor, where it is unclear what benefit is being derived from this growth.

Recommendation 4: The Mayor should set out the conditions for use of the £500 million facility in his 2023-24 Final Draft Consolidated Budget along with the remaining Transport Services Reserve held by the GLA.

This is a significant financial commitment for the GLA to make. This Committee would like to make a reasonable assessment of the financial risk this presents and it is essential for the Committee to understand under what circumstances this £500 million would be required. This Committee remains concerned about this seemingly open-ended arrangement.

Recommendation 11: The Committee recommends that MOPAC reconsiders basing its future year's plans on expected allocations for the funding of additional police officers.²

¹ [Mayor announces every London primary schoolchild to receive free school meals | London City Hall](#)

² This is the view of the majority of the Budget and Performance Committee; however the Labour Group do not support a change to MOPAC's approach. The shortfall is reported as a non-structural budget gap. Classifying it in this way means that if Police Grant funding is not forthcoming, there is little impact on the MPS in monetary terms (i.e., MOPAC remove the non-structural gap from their financial assumptions and are not required to make additional financial savings). Given MOPAC's budget submission is drafted prior to the Police Grant being allocated, the Labour Group agree with the evidence heard at the 8 December 2022 meeting from the Deputy Mayor and Commissioner that this is a sensible way to present this information. London needs and deserves the additional 6,000 officers.

Basing future year's financial plans on a funding scenario which goes beyond that which central government has committed to undermines the robustness of financial projections. In addition, the inability of the Metropolitan Police in 2022-23 to recruit sufficient officers to the level allowed by the level of confirmed funding makes this approach even harder to justify. This Committee has been clear about its views on this point for a number of years. The Committee's position remains unchanged and it will continue to urge MOPAC to change this approach in future budgets.

Recommendation 21: This Committee recommends that future years' GLA:Mayor submissions return to the level of transparency last seen in the 2020-21 GLA:Mayor budget submission, which separately identified the ongoing base budget for each unit, along with spend associated with one-off programmes and spend reprofiled from previous years, and the value of the external funding that the GLA will receive to support the delivery. This will make it easier for Londoners to access information about how their money is spent.

The Committee finds the response to this recommendation unsatisfactory and falls short of the commitment that it is seeking. This Committee acknowledges that the budget proposals have increased in length but does not agree that this has resulted in greater transparency. However, we welcome your offer that officials will engage with the Committee and its staff on the way in which information is presented and explained, and we will certainly look to engage with officials on this matter in the coming year and before the next budget process.

Recommendation 25: LLDC should explore the alternative operating models for the London Stadium.

This Committee remains concerned that while the LLDC is 'open to exploring alternative operating models for London Stadium'³, it is not actively pursuing such a solution.

Recommendation 30: The LLDC should develop and publish a financial sustainability plan.

Your response sets out ways in which the LLDC is moving towards financial sustainability, but does not commit to publishing a financial sustainability plan, as recommended. The Committee remains concerned at the level of ongoing funding required by the LLDC and repeats its recommendation that a financial sustainability plan is published during this Financial Year.

³ Response to the Budget and Performance Committee on its response to the Mayor's consultation budget.