

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2153

Title: Greater London Authority (GLA) Financial and Performance Outturn for 2016-17

Executive Summary

This decision form sets out the Greater London Authority Financial and Performance Outturn for 2016-17, including details of transfers to and from earmarked reserves and proposals for a number of carry forward items from 2016-17 to 2017-18 for Mayoral approval.

Decision

That the Mayor:

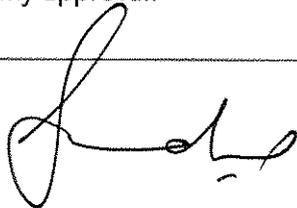
1. Notes the financial and performance outturn for 2016-17 set out in this decision form, including details of transfers to and from earmarked reserves; and
2. Approves the carry forwards from 2016-17 to 2017-18 set out in this decision form.

Mayor of London

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:



Date:

18/7/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. **Outturn 2016-17**

1.1 This decision form sets out the Greater London Authority (GLA) Financial Outturn for 2016-17, including details of transfers to and from earmarked reserves and proposals for a number of carry forward items from 2016-17 to 2017-18 for Mayoral approval.

1.2 In terms of financial outturn, the summary position is:

- A revenue overspend of £1.7m on directorates;
- A revenue underspend of £30.6m on corporate items; and
- Capital slippage of £146.0m.

1.3 Further detail, including information on performance, is included in the annexed report. The highlights are summarised below.

Revenue

1.4 Overall there was a net underspending of £29m against the revenue budget. The most significant elements of this favourable variance were in respect of Corporate Items and include:

- £7m due to a reduced level of funding required by the Mayoral Development Corporations (LLDC £2m, OPDC £5m). The LLDC's own financial performance was, generating addition income while maintaining expenditure broadly within budget. The OPDC underspend reflected a pause in its activities due to a strategic review of this newly created development corporation and other slippage;
- £6m as the Authority will meet its forecast business rates growth levy payable to the Government from its Business Rates Reserve;
- £4m from GLAP for shared service arrangements; and
- £3m of additional investment interest generated. This reflects effective cash management within strict risk parameters and includes the benefits of cash pooling arrangements where short term cash balances are invested through the GLA Group Investment Syndicate ("GIS"), as well balances invested independently of the GIS which are available for longer term investment.

Capital

1.5 Overall capital spending equated to 78 per cent delivery against the budget for the year. The most significant elements of this favourable variance were:

- £42m on the main affordable housing programme. With the launch of a new bidding programme, following the Mayor's successful negotiations with Government to secure over £3bn of funding to 2021, there were significant movements in the programme including Housing providers using other resources available to them resulting in a reduction in grants drawn down;
- £32m in the level of payments to Transport for London for the NLE due to timing changes; and
- £32m in the level of payments to LLDC reflecting mainly timing differences on its capital projects.

Reserves

1.6 As a result of the financial performance for the year and changes in respect of GLA Group items, there was a decrease of £123m in General Fund Reserves from £471m to £348m (General Fund balance £10m, earmarked reserves £338m). The major earmarked reserves within this latter figure include the:

- **Business Rates Reserve (£115m)**, which exists to manage any adverse impact on the GLA's finances following the introduction of the business rate retention scheme from 2013-14 and its volatility due to the level appeals by business ratepayers. In 2016-17 £79m of this reserve was applied to meet prior year deficits as the amounts collected by billing authorities, taking into account changes in provisions for appeals, were lower than their forecasts on which instalments were paid to the GLA.;
- **Capital Programme Reserve (£70m)** which is a new reserve funded by a transfer of £49m from the General Fund Balance and balances from redundant earmarked reserves. This reserve is to provide a source of funding for potential projects which fall outside of the Government funded schemes.
- **Revenue Grants Unapplied Reserve (£38m)**, which includes grants that have been received in advance of the expenditure being incurred;
- **Development Corporations Reserve (£29m)**, which is applied to meet spend in the Mayoral Development Corporations; and
- **New Homes Bonus LEP Grant Reserve (£18m)** which represents amounts to be spent by London Boroughs on regeneration schemes in future years from a one-off allocation made to the GLA in 2015-16.

Budget carry forwards

1.7 During the year, improvements were made to budget forecasting and re-profiling, including fuller consideration of the budgetary impact of slippage in developing the GLA budget for 2017-18. This has resulted in directorate outturn to being much closer to the revised budget compared with recent years and a lower level of budget carry forwards presented now for approval of £2.2m (revenue) and £59.6m (capital).

Performance

1.8 In terms of performance outturn, five projects were rated red at year end.

2. Equality comments

2.1 there are no specific equality issues arising.

3. Financial comments

3.1 Financial issues are integral to this decision form.

4. Legal comments

4.1 Section 127 of the Greater London Authority Act 1999 (the "GLA Act") requires relevant authorities to make arrangements for the proper administration of their financial affairs and to ensure that their

chief financial officer has a responsibility for the administration of those affairs. The GLA is a relevant authority under Section 127 and consequently is required to comply with these requirements. The attached report has been prepared for the GLA as part of the chief financial officer making arrangements for the proper administration of the GLA's financial affairs.

- 4.2 The approval of the transfers to and from the earmarked reserves as set out in the report is supported by Section 34 of the GLA Act which allows the Authority, acting by the Mayor, to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the Authority exercisable by the Mayor.

Supporting paper:

Annex: Greater London Authority Financial and Performance Outturn for 2016-17 with the following appendices:

- Appendix 1: Revenue Outturn 2016-17
- Appendix 2: Capital Outturn 2016-17
- Appendix 3: Carry Forward Approvals from 2016-17 to 2017-18
- Appendix 4: Programme Performance.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

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. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

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

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tom Middleton has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Tom Middleton has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Martin Clarke has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

David Bellamy has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on the 17 July 2017

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. D. Ollce

Date

17. 7. 17

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy

Date

17/7/2017

