

# **Greater London Authority Group Budget Guidance for 2008-09**

June 2007

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## 1. Introduction

- 1.1 This document sets out formal guidance to the Greater London Authority (GLA) and the functional bodies for the 2008-09 planning round.
- 1.2 The budget development process is a key element of the planning framework which involves **business plans** based on Mayoral objectives and priorities and related **budget plans**. It aims to ensure that there are sound medium and long term financial plans within which all priorities and objectives are adequately funded. It also includes the preparation of detailed robust budgets each year which match planned outcomes with soundly based estimates of income and expenditure, government funding and council tax, and with appropriate and sufficient reserves.
- 1.3 The process is not simply concerned with looking forward. Assurance is also sought about performance on key deliverables in 2007-08, including spending and progress on new initiatives and the delivery of agreed savings, when considering future budget proposals.
- 1.4 The 2008-09 process itself is similar to last year. It consists of:
- Budget guidance issued by the Mayor revised throughout the process in light of emerging issues
  - Budget development by functional bodies and GLA
  - Interim information from the functional bodies to the GLA by **end September**
  - Preliminary draft proposals issued by the Mayor for consultation with each of the functional bodies and the Assembly by the **end of October**
  - A formal response to the proposals by **end of November** accompanied by detailed budget and business plans covering at least a three year period and which must be consistent with the Mayor's budget guidance and preliminary proposals
  - Mayor's formal draft budget proposals considered, prepared and issued for consultation in **mid December**
  - Consultation
  - Scrutiny by the Assembly's Budget Committee throughout the process.
- 1.5 An outline of the Mayor's Budget Timetable is attached as **Appendix A**.
- 1.6 This budget guidance will need to be kept under review in light of progress against the current year's budget, emerging issues and significant developments. These will include the outcome of the Government Review of Powers for the Mayor and the Assembly, including the expected enactment of the GLA Bill and Further Education and Training Bill later this year.
- 1.7 **The information sought in this guidance is requested in accordance with the provisions of sections 110 and 125 of the GLA Act 1999.**

## 2. Strategic policy aims and objectives

2.1 The budget development process is designed to ensure that the **Mayor's budget proposals** are an accurate reflection of the Mayor's priority aims and objectives so that real progress can be made in achieving the Mayor's vision of an exemplary sustainable world city.

2.2 The priorities remain very similar to those highlighted last year, and reflecting new powers anticipated with the enactment of the GLA Bill, the budget development process is directed to doing more to:

- ◆ Mitigate the effects of climate change (in particular the implementation of the Mayor's Climate Change Action Plan) as well as adapt to the effects of climate change to ensure climate resilience
- ◆ Deliver the London 2012 Olympic Games and Paralympic Games effectively, maximising the economic, social, health and environmental benefits of the Games to London and Londoners
- ◆ Ensure GLA Group services are provided by a workforce that reflects the diversity of London
- ◆ Ensure effective counter terrorism operations and capacity to respond to major catastrophic events
- ◆ Reduce crime and fear of crime
- ◆ Improve skills and employment opportunities of Londoners to meet the specific needs of London's economy and reduce worklessness
- ◆ Increase London's housing supply, especially affordable housing, focusing on the Thames Gateway
- ◆ Promote a reduction in health inequalities.

2.3 Each member of the GLA Group is expected to make important contributions to the majority of the above in carrying out its statutory functions of providing services to London and Londoners. A critical GLA focus during the budget development stage will be to examine and assess the business plan proposals to deliver against these strategic aims and objectives, and the **results** expected to be achieved over the plan period.

2.4 As in previous years, there are some specific priorities and these are outlined in **Appendix B**. They remain largely unchanged from last year. It is important to stress that the list is not exhaustive and therefore should be read as providing emphasis, and that other priorities might be notified during budget development discussions.

2.5 It is also important to note that sustainability must be at the heart of the GLA's agenda and activities. Functional bodies should therefore be able to demonstrate that a **sustainable development** perspective underpins their budgets and plans. Further information on this is provided in **Appendix C**.

### 3. Interim budget responses and the Mayor's preliminary draft proposals

3.1 To provide the basis for formal consultation on the Mayor's prospective budget proposals, interim budget information is due by **28 September** and must include the following:

- ◆ A succinct overview describing your main business priorities and how you plan to deliver on each of the Mayoral priorities expressed in paragraph 2.2 above and in Appendix B, for each year of the three year period 2008-09 to 2010-2011. The overview should address each Mayoral priority specifically
- ◆ A summary of outstanding financial uncertainties and issues.

3.2 Compared to last year, the financial information requested by 29 September is limited. This is on the understanding that each body will be considering reports on its medium term outlook and periodic monitoring reports which will be available to the GLA.

3.3 It is accepted that each member of the GLA Group will not have an updated balanced budget and business plan that has been formally endorsed by the appropriate Board/Authority by end of September. With the business planning cycle being at a critical stage it is also recognised that there might concern if information were to be widely disseminated and the Mayor therefore accepts that the interim response should be supplied in the form of advice to the Mayor.

3.4 Officer meetings between the GLA and each functional body will be held to discuss the material submitted in September, be advised of any subsequent developments, and resolve any queries that might arise.

3.5 Following these meetings the Mayor expects to draw up **preliminary draft budget proposals** and seek comments from the Assembly (in respect of the Assembly's and the Mayor's requirements) and functional bodies (in respect of their own requirement) by the end of October.

## 4. Budget and business plans

4.1 Functional bodies (and the Assembly's) comments on the Mayor's Preliminary draft proposals should be received by **27 November**. Completed business plans that are consistent with the Mayor's draft budget proposals, and any significant matters that might be raised in the response must accompany the responses.

4.2 The business and budget plans must:

- ◆ Cover at least the period to 2010-11<sup>1</sup>
- ◆ Set out what is planned to be achieved in high-level terms over that period, specifying profiled deliverables and defining measures to assess progress and impact
- ◆ Highlight in high-level terms plans to mitigate and adapt to climate change, and to deliver other environmental improvements
- ◆ Demonstrate how the budgets and business plans will improve social inclusion and diversity and address health inequalities
- ◆ Include updated budget estimates and borrowing and capital spending plans covering the plan period (these can either be integrated in the business plans, or be in the form of separate accompanying documents)
- ◆ Include an assessment and explanation of the quantified financial benefits expected to be secured by collaborative working with other members of the GLA Group.

**Appendix D to this report provides further information on the financial information to be provided**

4.3 The above information and matters raised in the responses will be taken into account when the Mayor prepares draft component budgets in accordance with the provisions of schedule 6 of the Greater London Authority Act 1999. These budgets will then be subject to wider consultation expected to commence on or around **13 December**.

4.4 It would be helpful if the financial information within or accompanying the business plans were in the format used in the Mayor's published budget documents. This will not only be of administrative benefit, minimising time spent on simply converting information provided in one format to another, but it should be helpful to formal budget consultees if information is presented in a similar format throughout the budget process.

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<sup>1</sup> For TfL the period will depend on a timely CSR announcement on its long term funding for 2010-11 onwards

## 5. Financial planning guidelines

- 5.1 Key events informing this year's planning round will be the outcome of the Government's Comprehensive Spending Review 2007 expected to be announced in October 2007, and the three year the Local Government Grant Settlement expected to be issued for consultation early in December 2007.
- 5.2 Inevitably resources will be tighter than in the previous Spending Review period, and challenging efficiency targets are expected. The Mayor does not wish to propose a consolidated budget that risks being capped, and the GLA and the functional bodies must therefore rigorously pursue efficiency savings, including savings from increased collaborative working across the GLA Group.
- 5.3 Subject to any further guidance issued later in the year, budget plans should be prepared within the following guidelines and assumptions:

<b>MPA</b>	<ul style="list-style-type: none"><li>◆ For 2008-09, 2009-10 and 2010-11, an annual increase in net revenue expenditure of 2.25 per cent a year over the 2007-08 amount of £2,536.7 million presented in the Mayor's published budget</li><li>◆ There is no addition to the GLA council tax precept for Olympic security costs</li></ul>
<b>LFEPA</b>	<ul style="list-style-type: none"><li>◆ For 2008-09, an annual increase in net revenue expenditure of 2.75 per cent over the 2007-08 amount of £413.9 million presented in the Mayor's published budget, and 2.25 per cent a year for the following two years 2009-10 and 2010-11</li><li>◆ The provision for a higher percentage increase in net revenue expenditure for 2008-09 reflects expected full year costs of London Resilience</li><li>◆ There is no addition to the GLA council tax precept for Olympic security costs</li></ul>
<b>GLA</b>	<ul style="list-style-type: none"><li>◆ For 2008-09, 2009-10 and 2010-11, an annual increase in net revenue expenditure of 0.5 per cent a year over the 2007-08 amount of £120.6 million (being the figure presented in the Mayor's published budget excluding the cost of Elections)</li><li>◆ In addition to the above percentage increases, appropriate provision needs to be included for Election expenditure</li></ul>
<b>TfL</b>	<ul style="list-style-type: none"><li>◆ No change to the published forecast component budget requirements of £12 million in 2008-09, 2009-10 and 2010-11</li></ul>
<b>LDA</b>	<ul style="list-style-type: none"><li>◆ No change to the published forecast component budget requirements of £nil in 2008-09, 2009-10 and 2010-11.</li></ul>

- 5.4 In addition, the MPA and LFEPA should advise on what they would propose to do if the increase in net revenue expenditure in 2008-09 over 2007-08 were to be **0.75 per cent more or less** than the above guidelines. And the GLA should cover the implications of an increase in net revenue expenditure in 2008-09 over 2007-08 of **1 per cent more** than the above guidelines.
- 5.5 The planning guidelines will be kept under review in light of progress against the current year's budget, the outcome of CSR 2007 and any developments in respect future government grant levels. It is important that each member of the GLA Group keeps the GLA informed of any bids or negotiations with government departments. Also, the GLA must be informed if adherence to the guidelines would adversely affect the level of service delivery. Supplementary guidance will be circulated as and when necessary during the budget process.
- 5.6 At this stage no guidelines are being issued in respect of prudential borrowing and capital spending levels. However, it is important that proposed capital spending plans demonstrate a rationale/justification for any increase in borrowing, and that the plans are affordable in the sense that the revenue implications are fully built into the revenue budgets prepared in accordance with this guidance.
- 5.7 Also no guidance is being issued in respect of the issue of the use of reserves. These will be discussed with each body during the budget development stages and the Mayor will make proposals on the use of reserves in light of the overall need for reserves and the impact on the GLA council tax precept.



## **6. Managing the budget process**

- 6.1 During the budget process the Mayor will, whenever appropriate, use his meetings with functional body members and chief officers to discuss the main strategic issues to be addressed in the budget and business plan processes. Regular officer-level meetings will be arranged to support these.
- 6.2 During the period to the end of October the officer-level meetings will be focussed on:
- Review of delivery of the 2007-08 budget
  - Ensuring that information to be provided in the functional bodies' initial responses are responsive to emerging needs and that budget information reflects Mayoral priorities
  - Ensuring that there is consistency and integration across the GLA Group on relevant issues
  - Ensuring that the initial responses provide the information necessary to produce the Mayor's preliminary draft budget proposals.
- 6.3 After the end of October officer-level meetings will be focussed on ensuring that the budgets and business plans of the functional bodies are consistent with the Mayor's preliminary draft budget proposals and that the Mayor's priorities are clearly addressed in the formal budgets and business plans.
- 6.4 After the budgets and business plans of each functional body have been received, some revisions may still be necessary as a result of the Government's draft local government settlement which is due to be announced early in December or because of the weighting given to particular priorities.
- 6.5 The Mayor will issue his statutory draft budget proposals in mid December, and may decide on changes as a result of this consultation. The Mayor may also decide on final changes following comments by the Assembly in January on his draft consolidated budget.

## **7. Dialogue with budget consultees**

- 7.1 The statutory framework for consultation on the Mayor's budget proposals is restricted by the time available (mid December to mid January). To complement and prepare for this part of the budget process, each body should maintain a dialogue with, and provide information to, key stakeholders before business plans are submitted in November.
- 7.2 Building on last year, a series of meetings will also be arranged by the GLA to enable functional bodies to explain and discuss their budget and business proposals with key stakeholders. It is planned to hold a preliminary meeting before the summer recess, to be followed by further meetings in the autumn. Further details will be provided in due course.

## **8. Monitoring performance**

- 8.1 The financial and organisational performance of each body, including progress in implementing the Mayor's 2007-08 budget commitments to the Green Group on the London Assembly, will be regularly monitored by the GLA. This requires robust information to be provided throughout the year and it is important that up to date information is available to inform the submission, consultation and decision stages of the budget process.

## **9. Assembly's Budget Committee scrutiny**

- 9.1 This guidance does not cover the Assembly's Budget Committee's scrutiny process. This is a different process and the Budget Committee will be requesting information at key stages and there will be a requirement for members and officers of each body to attend Committee meetings as appropriate.

## 10. Contacts and further information - Update

10.1 If any further information or clarification is required then please contact:

### Overall process and guidance:

Martin Clarke            Head of Strategic Finance and Performance            7983 4233

### TfL and LDA priorities:

Henry Abraham            Head of Economic Development and Transport            7983 4282

### MPA and LFEPA priorities:

Ron Belgrave            Community Safety Manager            7983 4704

### Finance:

Ray Smith            Budget Development Manager – MPA/LFEPA            7983 4148

Peter Greig            Budget Development Manager – TfL            7983 4254

Geetha Blood            Budget Development Officer – LDA            7983 4642

### Equalities:

Audrey Young            Head of Diversity Performance            7983 4826

### Environment:

Shirley Rodrigues            Head of Environment            7983 4300

### Waste

Wayne Hubbard            Strategy Manager            7983 4787

### Climate Change Adaptation and Water:

Alex Nickson            Strategy Manager            7983 4322

### Climate Change Mitigation, Air Quality and Energy:

Andy Deacon            Strategy Manager            7983 4990

### Biodiversity, Animal Welfare and Noise:

Andrew Jones            Strategy Manager            7983 4305

### Sustainable development:

Niall Machin            Policy Manager (SD)            7983 4304

### Health:

Helen Davies            Policy Manager (Health)            7983 4326

## Timetable

<b>July to September</b>	<p>On-going liaison, guidance, steer, etc to budget/business plan development</p> <ul style="list-style-type: none"> <li>◆ Close involvement of GLA policy/performance teams to secure Mayoral priorities within proposed financial planning guidelines</li> <li>◆ Financial planning and monitoring documents made available to the GLA</li> </ul>
<b>28 September</b>	<p>Initial response providing information requested in guidance received including:</p> <ul style="list-style-type: none"> <li>◆ An overview describing main priorities for each year 2008-09 to 2010-11, and outstanding financial uncertainties and issues</li> </ul>
<b>By end of October</b>	<p>F&amp;P/Strategic Finance to identify and resolve issues, and report to the Mayor's Office on:</p> <ul style="list-style-type: none"> <li>◆ Extent Mayoral priorities reflected in updated budget estimates</li> <li>◆ Possible budget options</li> <li>◆ Preliminary draft budget proposals prepared and issued for consultation with Assembly/FBs</li> <li>◆ Comments invited and response to include completed draft business plans that are consistent with draft budget proposals and response to consultation</li> </ul>
<b>27 November</b>	Assembly/FBs responses received
<b>13 December</b>	Statutory consultation of draft budget
<b>Dec to Feb</b>	Budget Committee scrutiny of Mayor's budget proposals
<b>15 Jan</b>	Issue draft capital spending plan, including consultation on proposed borrowing limits, before this date
<b>30 Jan</b>	Assembly to consider draft consolidated budget
<b>13 Feb</b>	Assembly final consideration of consolidated budget
<b>28 Feb</b>	Issue capital spending plan before this date
<b>31 Mar</b>	Authorised Limits for borrowing agreed by this date

## Specific policy priorities

### (1) Applicable to the GLA and all functional bodies

- ◆ Prioritising measures to reduce carbon and other emissions and non-renewable energy consumption, the promotion of decentralised energy as well as climate change adaptation measures to ensure climate resilience
- ◆ Prioritising measures which minimise waste and increase recycling, minimise water consumption and promote water efficiency and meet the Mayor's environmental objectives and targets
- ◆ Delivering sustainability objectives through GLA Group procurement, including increasing supplier diversity, improving fair employment, and implementing the Mayor's environment and food strategies by ethical trading
- ◆ Implementing the Living Wage for London by ensuring all direct employees of the GLA Group are paid above the living wage rate and rolling out the living wage through GLA Group contracts
- ◆ Supporting delivery of the London 2012 Olympic Games and Paralympic Games, and implementing programmes to maximise the economic, social, health and environmental legacy
- ◆ Strategically promoting London as the leading sustainable world city for the 21st century
- ◆ Tackling worklessness and child poverty and reducing health inequalities
- ◆ Supporting individuals to make healthier and more sustainable lifestyle choices (eg access to affordable fresh food, physical exercise including walking any cycling, safe communities, energy efficiency advice etc).
- ◆ Improving performance and delivering more together through closer integration across the GLA Group, including better alignment of policies, branding and budgets to mayoral strategies and policies, and collaborative working to improve efficiency and cost-effectiveness and reduce duplication
- ◆ Improving the environmental sustainability of building stock, land and fleet
- ◆ Providing meaningful performance information to the London public (including the Londoner) so that Londoners understand what they are getting for their investment.

**(2) Applicable to the GLA**

- ◆ Meeting the Mayor's environmental objectives in particular on carbon emissions reduction, waste and water
- ◆ Providing leadership and direction to implement the Mayor's policies on addressing London's skills issues
- ◆ Securing delivery of London Plan targets for new homes, including affordable and family homes
- ◆ Staging and promoting an annual programme of cultural, sporting and business events and festivals which celebrate and reflect London's diversity or promote key Mayoral policies for example on sustainability or the environment
- ◆ Supporting, developing and staging major public events and festivals that promote London to a national and international audience
- ◆ Strengthening community cohesion and social inclusion, including, ensuring London's newer communities are fully integrated into mainstream programmes
- ◆ Enhancing London's position as a leading world city
- ◆ Managing the Mayor and Assembly elections to be held in May 2008
- ◆ Managing delegated responsibilities for European Structural Funds.

**(3) Applicable to the MPA**

- ◆ Delivering effective counter terrorism, security and protection services
- ◆ Reducing robbery, burglary and violent crime in the capital
- ◆ Reducing the volume and victimisation rate for race and religious hate crime, rape, sexual offences and violence against women
- ◆ Developing the Safer Neighbourhoods Teams to provide effective front-line policing, and public reassurance and public confidence
- ◆ Increasing the safety of public spaces including parks and open spaces
- ◆ Working with TfL to reduce road casualties and road crime, and to maintain ease of movement
- ◆ Increasing the safety of transport interchanges through joint work with TfL and BTP
- ◆ Continuing the process of modernisation to redirect resources to front line policing
- ◆ Tackling and reducing all types of anti-social behaviour in the capital and contribute to partnership working through the London ASB strategy
- ◆ Building the confidence of London's BAME and other communities experiencing discrimination in policing through creating a workforce that reflects the diversity of London and by improving the recruitment retention and promotion of women, and by reducing disproportionate policing activity such as Stop & Search where it has been shown to be ineffective
- ◆ Supporting to victims and witness to increase the number of successful prosecutions so that more guilty offenders are convicted for their crimes
- ◆ Reducing the harm caused by illegal drugs including substantially increasing the number of drug misusing offenders entering treatment through the CJS
- ◆ Work with the GLA to tackle environmental and wildlife crime.

**(4) Applicable to TfL**

- ◆ Ongoing service improvements across the network, including additional train services operated, increased bus kilometres operated and line extensions on the DLR
- ◆ Reducing injuries and death on the roads through both engineering improvements and campaigns and other initiatives targeted at those most at risk, in particular, black children
- ◆ Continuing station improvements focused on increasing the capacity at congested spots and tackle social exclusion by making the tube accessible for disabled people, the elderly and parents with children and pushchairs
- ◆ Building new links and extensions, particularly in East London to support the 2012 Olympic Games and Paralympic Games and growth in the Thames Gateway, and working with GLA and LDA to ensure anticipated development and social inclusion benefits from new infrastructure are realised
- ◆ Funding environmental improvements and sustainable modes, with particular focus on accelerating the use of low energy/low carbon fuels, increasing energy supplied renewably, reducing emissions of air pollutants and noise, reducing energy consumption, and establishing the London Low Emissions Zone.
- ◆ Encouraging walking and cycling schemes, putting plans in place to further reduce car use and expanding travel demand management work.
- ◆ Funding and delivering options to manage high temperatures and flood risk on tube and buses
- ◆ Developing major projects, eg the Thames Gateway Bridge, tram schemes and interchanges
- ◆ Building on the Oyster ticketing product so as to reduce costs and serve customers better
- ◆ Progressing the assessment of the viability of developing TfL's own energy sources or entering into long term agreements with a renewable electricity supplier to procure additional renewable energy capacity
- ◆ Progressing the setting up of a Group level sustainable procurement function with appropriate monitoring and reporting structures
- ◆ Prioritising the development of improved door to door services for disabled people
- ◆ Increasing the numbers of women in transport provision as employees of TfL and as bus drivers and taxi drivers
- ◆ Increasing the number of BAME taxi drivers.



**(5) Applicable to LFEPA**

- ◆ As part of the emergency planning function, identifying strategic flood, excess heat and drought implications for London
- ◆ Implementing the modernisation agenda and deriving benefits from a risk-based approach to fire safety issues
- ◆ Investing in emergency planning equipment and staff resources
- ◆ Tackling and reducing arson-related anti-social behaviour as part of the contribution to the London Anti-Social Behaviour Strategy
- ◆ Making significant progress in implementing the Mayor's pledge to provide free fire assessments and smoke alarms for pensioners
- ◆ Improving the rate of progress towards a workforce that reflects the diversity of London.

**(6) Applicable to the LDA**

- ◆ Contributing to the provision of adequate infrastructure for London to permit sustainable development, including working with GLA and TfL to maximise the development and social inclusion benefits of new transport infrastructure
- ◆ Prioritising the Green Homes programme and the further development of the London Climate Change Agency
- ◆ Contributing to the provision of exemplar sustainable developments, ensuring these meet or exceed the standards set out in the Mayor's Sustainable Design and Construction SPG and that they improve flood risk management where appropriate
- ◆ Contributing to the delivery of sustainable development and regeneration of the Thames Gateway
- ◆ Investing in sustainable industries and developing skills targeted at the implementation of sustainable development policies
- ◆ Supporting the implementation of the Mayor's policies on addressing London's skills issues and tackling worklessness, including supporting the Mayor's Skills and Employment Board for London
- ◆ Meeting agreed targets for affordable childcare places
- ◆ Expanding action to encourage increasing investment from rapidly growing economies (eg India, China, Russia)
- ◆ Improving the LDA's reporting framework to address sustainable development and health issues, in particular developing and embedding a set of health and sustainability indicators and targets
- ◆ Continuing progress on a major zero carbon regeneration development
- ◆ Improving the LDA's engagement with large business and specific communities
- ◆ Delivering the Diversity Works programme
- ◆ Managing delegated responsibilities for European Structural Funds.

## Sustainable development

1. Everything that the GLA Group does should contribute to the achievement of sustainable development, or at least should not compromise our ability to deliver sustainability. While sustainability requires integrated delivery of economic, social and environmental objectives, within this overall context the Mayor has identified the priority issues set out in paragraph 2.2.
2. Before budget proposals are issued for consultation in December, it is intended that the Mayor should be adequately informed of how the sustainable development perspective underpins service plans, targets and programmes, and of any material budget and resource issues. In assessing how the budget and planning process delivers sustainable development, the GLA will take account of the following:
  - The balancing of the economic, social and environmental objectives required under the GLA Act: not pursuing any one element at the expense of others.
  - Prioritising projects and programmes that deliver integrated economic, social and environmental benefits at the same time.
  - Mechanisms in place that demonstrate that sustainability is being mainstreamed e.g. sustainability appraisal, sustainable procurement, staff inductions.
  - Reporting on sustainability indicators as agreed by the GLA Sustainable Development and Supplier Diversity Policy Team.
3. To assist with this, by the time formal budget and business plans are available (end November), it is expected that business plans should specifically address how sustainable development is being achieved and delivered, using appropriate appendices, if necessary, to cover environmental, equalities, health promotion, health inequalities and other sustainability related activities.
4. After final decisions on the Mayor's budget for 2007-08, a review will be carried out of environmental, equalities, health promotion, health inequalities and other sustainability related activities. This review will comprise of two complementary processes and will cover **equalities and social inclusion matters separately from other sustainability matters.**
5. In particular the review will examine:
  - Reducing carbon and other greenhouse gas emissions and the promotion of decentralised energy
  - Ring fencing energy efficiency savings and how you intend to apply these savings.
  - Improving the percentage of waste that is recycled, together with details of any other expenditure targeted at reducing waste or improving recycling rates.
  - Minimise water consumption and promote water efficiency

- Your proposed budgets, plans for and achievements to date relating to:
  - Reducing carbon and other greenhouse gas emissions
  - Ring fencing energy efficiency savings and how you intend to apply these savings
  - Improving the percentage of waste that is recycled, together with details of any other expenditure targeted at reducing waste or improving recycling rates
  - Supporting and using the sustainable design and construction standards set out in the Mayor's supplementary planning guidance, whether on new developments or retrofitting existing buildings
  - How you deliver sustainability objectives through GLA Group procurement activities, including increasing supplier diversity, improving fair employment, advice to business, implementing the Mayor's environment and food strategies and ethical trading
  - How you promote sustainable development lifestyle changes, either through events or campaigns or through strategic partnerships
  - How you use Equalities Impact Assessments and Sustainability Appraisals
  - How equality and inclusion considerations inform and underpin service delivery decisions
  - Reducing under-representation of BAME, women and disabled staff both overall and in top management in your and in other organisations
  - Progress towards level 5 of the Local Government Equality Standard
  - Expanding the accessibility of your services to disabled people
  - Promoting the health of well being of staff and contractors
  - Supporting delivery of the London Health Commission's priorities to increase the number of disabled people in employment, introduce policies for smoke-free public places, meet services users' communications needs by providing quality language support services, and respond to the emotional health and well-being needs of young Londoners
  - How you contribute to tackling health inequalities.
  
- 6. Information requested will therefore include March 2008 HR data, final budget allocations for significant projects and initiatives which deliver sustainable development, or are equalities or health related, as well as confirmation of significant targets for 2008-09, and performance against agreed sustainability indicators.
  
- 7. This will be followed by a cycle of meetings to be held in May/June 2008 to review agreed budgets, deliverables and targets for sustainable development and equalities, and relevant policy and organisational issues.
  
- 8. The published outcome of the review will contain a commentary on the targets set by each organisation in the Group and performance against such targets, and on the level of

resources planned to be committed. Furthermore, any recommendations will feed into the following year's budget process.

## Financial information required by 27 November

### Component budgets and business plans

#### Service Analysis

1. The main financial element of the final budget submissions will be an analysis of budget proposals by service division/objective for the three years 2007-08 to 2009-10 with comparative figures for 2006-07 (both original budget and forecast outturn) showing:

- ◆ Income to be raised and expenditure to be incurred in providing the complete range of services provided by the body
- ◆ Capital financing costs (including capital expenditure charged to revenue)
- ◆ External interest receipts
- ◆ All estimated specific grants
- ◆ Transfers to and from reserves
- ◆ Any other financial charges and adjustments
- ◆ The resultant budget requirements.

2. If service division/objective analysis is revised from that used for 2006-07, then the figures for the previous year should be re-stated on a comparable basis.
3. The budget proposals must be supported by an analysis of changes from the equivalent budgeted figures for 2006-07, separately identifying changes in each of three years due to:

- ◆ Inflation
- ◆ Changes in service levels (making a distinction between those which are committed and those which are new initiatives)
- ◆ Savings and efficiencies
- ◆ Specific government grants
- ◆ Use of reserves
- ◆ Any other significant reasons.

#### Subjective analysis

4. A subjective analysis must also be submitted covering the three-year plan period, including a comparison with 2007-08 figures.

### New initiatives and service improvements

5. A clear distinction must be made between full year effects of new activities approved in 2007-08 or earlier years – these are committed service increases – and proposed new initiatives. However, for clarity, the definition of new initiatives is restricted to new provision of new services and service improvements, including those to be funded by a redeployment or more effective use of existing resources.
6. For each new initiative/service improvement there should be a brief description of the proposal including the expected service improvement or deliverable, and the cost in each of the three years 2008-09 to 2010-11

### Savings and efficiencies

7. The GLA and the functional bodies must be able to demonstrate that there has been a rigorous pursuit of efficiencies on existing services and structures. This requires a thorough examination of the existing cost base to identify both possible savings (including maximising income) and any effect on service levels should the savings be implemented. Therefore an analysis should be provided, which includes:

- ◆ The assumptions made on elements of the budget that are and are not reducible in the short term, with savings required expressed as a percentage of that reducible amount
- ◆ A brief description of the expected savings to be achieved, separately identifying cashable and non cashable savings to be achieved by:
  - Procurement efficiencies
  - Reducing staff input/headcount reduction
  - Cost avoidance
  - Other means
- ◆ The saving in each of the three years 2008-09 to 2010-11
- ◆ The savings that will be achieved through collaborative working with other members of the GLA Group
- ◆ A comparison/reconciliation of the amount of savings with government targets for each body.

8. In addition to providing an analysis of savings, the GLA and the functional bodies must also outline:

- ◆ Progress in achieving efficiencies and savings agreed as part of the 2007-08 budget, including the latest available estimate of projected financial performance in 2007-08.

## Reserves and general balances

9. To meet the requirement of the Local Government Act 2003 in respect of adequacy of reserves and demonstrate full compliance with the revised guidance on local authority reserves and balances issued by CIPFA in June 2003, the GLA and the functional bodies must provide:

- ◆ A statement of reserve policy
- ◆ Details of all reserves and general balances
- ◆ An analysis and explanation of the expected movements between the start and end of each year from 1 April 2007 to 31 March 2011
- ◆ In the case of earmarked reserves held for purposes beyond 2009-10, an indication should be given as to when they are likely to be applied
- ◆ Proposed allowances for contingencies separately identified and justified.

## Inflation factors

10. There is no specific guidance for pay and inflation rates to be used. However, the GLA and the functional bodies must be able to explain their inflation assumptions (for both pay and non pay costs) and all figures must be at outturn prices.

## Robustness of estimates and adequacy of reserves

11. To help meet the GLA meet the statutory requirements of the Local Government Act 2003, the GLA and the functional bodies must provide a report by the chief finance officer on the robustness of the proposed budget estimates and the adequacy of the proposed financial reserves.

## Borrowing limits

12. Under the Local Government Act 2003, the Mayor has the duty of determining authorised limits for the GLA and each of the functional bodies in respect of external debt after consulting the London Assembly and the functional bodies in respect of their own limits. the GLA and the functional bodies must therefore provide:

- ◆ Estimates of proposed authorised limits over the capital spending plan period 2007-08 to 2009-2010. These must be justified by reference to the requirements of the Prudential Code, including providing calculations of the prudential indicators, and supported by a draft capital spending plan (see below)
- ◆ The level of borrowing required to support the draft capital spending plan
- ◆ The sources of this borrowing.



## Capital spending

13. The draft capital spending plan should be supported by:

### Strategy/policy

- ◆ A statement linking capital expenditure to the delivery of the organisation's objectives/priorities
- ◆ A statement outlining how projects have been prioritised

### Links to revenue budget

- ◆ The revenue/operational expenditure consequences of the overall draft plan, including debt management costs, which must be identified and fully reflected in the revenue budget proposals
- ◆ Cross referencing of capital financing costs in revenue budget to capital spending plan

### Capital expenditure

- ◆ A summary of all the proposed projects providing for each project:
  - The name/title of the project.
  - A brief description of the project in non- technical jargon free language free from abbreviations
  - For any new projects proposed, the purpose and anticipated impact
  - Total cost of the project (minor projects can be grouped together)
  - Previous years' expenditure (in total)
  - Projected costs for 2008-09 to 2010-11
- ◆ Proposed spending on common themes across the GLA group, eg:
  - climate change/energy conservation adaptation measures to reduce emissions of air pollutants and noise and energy consumption, minimise waste, increase recycling, improving environmental sustainability of building stock, land and fleet, measures to handle draught flood, excess heat.
  - Supplier procurement diversity, eg investment in sustainable industries, ethical trading, procuring contracts with renewable electricity supplier.
  - Health and sustainability, eg sustainable lifestyle choices including walking, cycling, energy efficiency measures.
  - Housing eg Green Homes programme
  - Equality, social inclusion and diversity i.e. improved door to door service and adaptation improvements for the disabled, provide a diverse workforce and measures to engage with the wider community climate change/energy conservation, equalities and disability access (specific themes will be confirmed)
- ◆ Justification for increase in capital expenditure over the years

### **Funding**

- ◆ Funding of the capital programme by government grants, specific grants, capital receipts, borrowing, revenue contribution
- ◆ Funding of PFI/PPP Schemes and the financial implications of such funding

### **Risks**

- ◆ Impact of changing forecast interest costs on revenue budget
- ◆ Risks associated with funding from capital receipts and what is proposed if funding is not realised. Eg where in year capital receipts realised are not as much as anticipated

### **Monitoring**

- ◆ A statement outlining how performance is to be monitored and evaluated
- ◆ How slippage for previous years will be managed and impact on service delivery.