

# **Greater London Authority Group Budget Guidance for 2010-11**

June 2009

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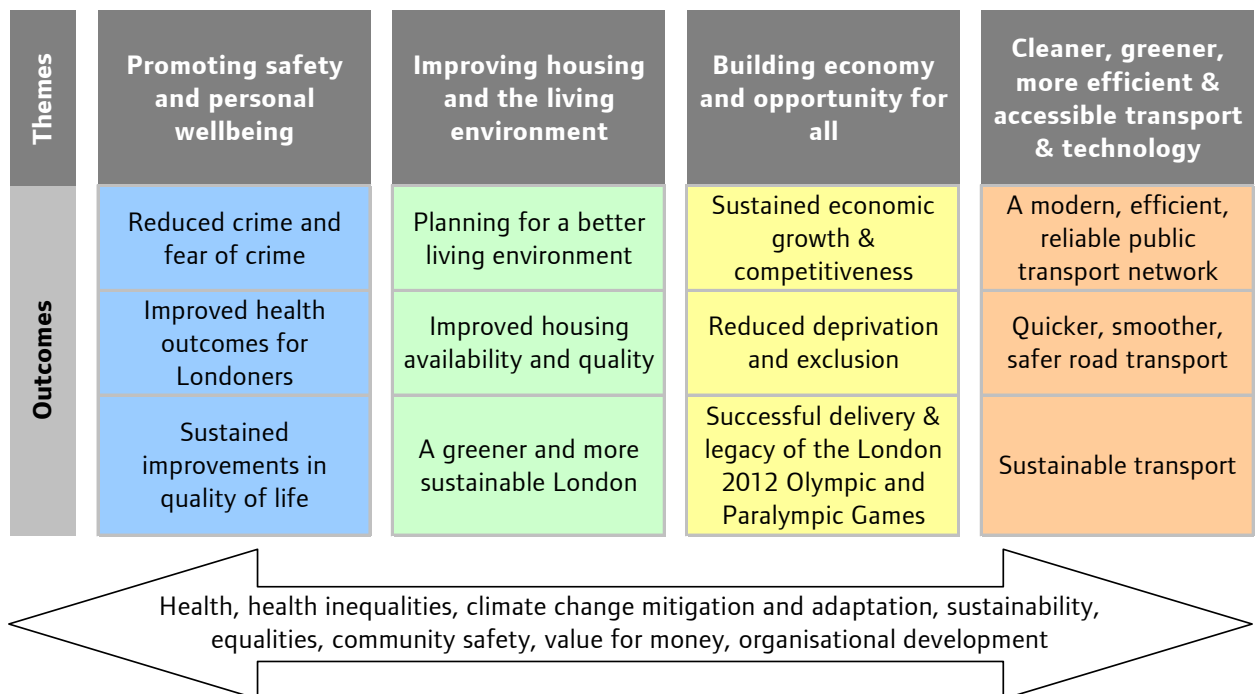
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## 1. Introduction

- 1.1 This document sets out formal guidance to the Greater London Authority (GLA) and the functional bodies for the 2010-11 budget planning round.
- 1.2 The budget development process is a key element of the planning framework, the primary purpose of which is to ensure that there are sound medium and long term financial plans within which all Mayoral priorities and objectives are adequately funded and prepared in a timely fashion to meet the GLA's statutory requirements for budget setting. It involves **budget and business plans** based on Mayoral objectives and priorities, including 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 When considering future budget proposals the process also seeks assurance about performance on key budget deliverables in 2009-10, including spending and progress on new initiatives and the delivery of agreed savings.
- 1.4 The 2010-11 process itself is similar to last year and will run to the same timetable. It consists of:
  - Budget guidance issued by the Mayor revised if necessary in light of emerging issues
  - Budget development by functional bodies and GLA
  - Interim information from the functional bodies to the GLA before **end of 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 before **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 and Performance 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.
- 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. These balance the Mayor’s manifesto commitments with his statutory responsibilities and priorities arising from national and international events, such as the global financial downturn, and the diagram below outlines the high-level outcomes, grouped into four themes, which Londoners can expect to see over the coming years.
- 2.2 Further information on these themes are attached at **Appendix B** and these represent priorities to be reflected in the business plan and budget proposals for the GLA and, where relevant, for the functional bodies. Further policy priorities applicable to all members of the GLA Group and specific to each functional body are attached at **Appendix C**.



- 2.3 However, in responding to these priorities, it is important to note that the longer term fiscal outlook has changed fundamentally since the Mayor’s first budget guidance in the face of the current recession and the marked deterioration in the public finances. The following key principles therefore are also critical in the development of business plans:

- ◆ How is value for national and council taxpayers being delivered?
- ◆ How are resources being prioritised to key objectives?
- ◆ How are resources being used more effectively through joint working across the GLA group?

- 2.4 Each member of the GLA Group is expected to demonstrate how it has taken account of each of the above principles in carrying out its statutory functions. A critical GLA focus during the budget development stage will be to examine and assess the business plan proposals to deliver in line with these principles and the **results** expected to be achieved over the plan period.

### **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 **26 September** and must include the following:

- ◆ A succinct overview describing your main business priorities and how the principles expressed in paragraph 2.2 above are being addressed together with the priorities in Appendix B, for each year of the three year period 2010-11 to 2012-2013.
- ◆ A high level financial breakdown indicating how the financial planning guidelines will be achieved.
- ◆ A summary of identified savings to balance the budget.
- ◆ A summary of outstanding financial uncertainties and issues.

- 3.2 It is accepted that each member of the GLA Group may not have an updated balanced budget and business plan that has been formally endorsed by the appropriate Board/Authority by the end of September. With the business planning cycle being at a critical stage it is also recognised that there might be 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.
- 3.3 Officer meetings between the GLA and each functional body will be held to discuss the material submitted in September, or be advised of any subsequent developments and resolve any queries that might arise.
- 3.4 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 **26 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 2012-13
- ◆ 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 towards delivering carbon reductions
- ◆ Demonstrate how the budgets and business plans will increase diversity within the workforce
- ◆ 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 joint working across 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 **10 December**.

4.4 Financial information within or accompanying the business plans needs to be consistent with the format used in the Mayor's published budget documents in the interests of efficiency, the need to consolidate into a group format and aid budget consultation. Information must be presented in a similar format throughout the budget process.

## 5. Financial planning guidelines

- 5.1 The backdrop to the financial planning guidelines is the significant deterioration in the public finances. Although TfL has a long term funding settlement until 2016-17 as part of the 2007 spending review negotiations, other functional bodies only have indicative grant allocations for 2010-11. This combined with the anticipated retrenchment in future government spending gives considerable uncertainty for planning for future years.
- 5.2 The Mayor firmly believes that tighter funding settlements highlight the continuing need for value for the national and council taxpayer to drive the development of forward plans for the GLA and the functional bodies. This should come from the rigorous pursuit of efficiency savings, including savings from increased joint working across the GLA Group. For 2010-11 the guideline is based on existing plans and the indicative government grant settlement. For 2011-12 and 2012-13 there is considerable uncertainty over the level of grant funding and the Mayor believes that plans should be prepared in the event there is a reduction in public expenditure. Accordingly therefore, there is an upper and lower limit which assumes two scenarios: a cash freeze and a reduction of 1.5 per cent in general grants in each year.
- 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>◆ Net revenue expenditure between the following amounts:<br/>2010-11 £2,673.3 million<br/>2011-12 £2,645.9 million and £2,676.9 million<br/>2012-13 £2,619.4 million and £2,679.8 million</li><li>◆ There is no addition to the GLA council tax precept for Olympic preparation and security costs</li></ul> |
| <b>LFEP</b>           | <ul style="list-style-type: none"><li>◆ Net revenue expenditure between the following amounts:<br/>2010-11 £437.3 million<br/>2011-12 £437.5 million and £441.4 million<br/>2012-13 £434.7 million and £442.4 million</li><li>◆ There is no addition to the GLA council tax precept for Olympic preparation and security costs</li></ul>           |
| <b>GLA:<br/>Mayor</b> | <ul style="list-style-type: none"><li>◆ For the Mayor of London component budget a net revenue expenditure between the following amounts:<br/>2010-11 £118.9 million<br/>2011-12 £119.3 million and £120.0 million<br/>2012-13 £119.2 million and £120.4 million</li></ul>   |

|                          |   |
|--------------------------|---|
| <b>GLA:<br/>Assembly</b> | <ul style="list-style-type: none"> <li>◆ For the Assembly component budget a net revenue expenditure as follows: <ul style="list-style-type: none"> <li>2010-11 £8.6 million</li> <li>2011-12 £8.6 and £8.7 million</li> <li>2012-13 £8.5 and £8.7 million</li> </ul> </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 2010-11, 2011-12 and 2012-13</li> </ul>  |
| <b>LDA</b>               | <ul style="list-style-type: none"> <li>◆ No change to the published forecast component budget requirements of £nil in 2010-11, 2011-12 and 2012-13.</li> </ul>  |

- 5.4 The MPA, LFEPA and GLA should prepare financially balanced plans based on the upper and lower financial guidelines above, including the impact on service levels over the three year period.
- 5.5 The planning guidelines will be kept under review in light of progress against the current year's budget and any indication that government grant levels for 2010-11 already announced might change. Each member of the GLA Group must also keep the GLA informed of any bids or negotiations for grant or income with government departments or other partners. Supplementary guidance will be circulated if necessary during the budget process.
- 5.6 It is important that proposed capital spending plans demonstrate a rationale/ justification for any increase in borrowing over and above the limits that the Mayor approved in March 2009, including any change in the level of headroom between the operational boundary and borrowing limit. The plans must be affordable and the revenue implications fully built into the revenue budgets prepared in accordance with this guidance.
- 5.7 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 and his advisers will, whenever appropriate, use meetings with functional body members and chief officers to discuss the main strategic issues to be addressed in the budget and business plan processes. The intention is that there will be regular officer-level meetings throughout the budget development period to October with specific meetings with the Mayor and/or his advisers if necessary.
- 6.2 During the period to the end of October the officer-level meetings will be focussed on:
- Review of delivery of the 2009-10 budget deliverables
  - 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 if the Government's draft local government settlement, which is due to be announced at the end of November, is amended from its indicative forward grant allocations 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 The GLA has also refined its dialogue with key stakeholders over the last two years and it is intended to hold a meeting with the voluntary sector in September. A meeting in November will also be arranged by the GLA to enable functional bodies to explain and discuss their budget and business proposals with key stakeholders. Further details will be provided in due course.

## **8. Monitoring performance**

8.1 The financial and organisational performance of each body 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 and Performance Committee scrutiny**

9.1 This guidance does not cover the Assembly's Budget and Performance Committee's scrutiny process. This is a different process and the 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

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

### **Overall process and guidance:**

|           |                                   |           |
|-----------|-----------------------------------|-----------|
| Ray Smith | Interim Head of Strategic Finance | 7983 4148 |
|-----------|-----------------------------------|-----------|

### **MPA, LFEPA & LDA priorities:**

|               |  |           |
|---------------|--|-----------|
| Henry Abraham | Interim Head of Economic Development,<br>Community Safety & Equalities | 7983 4282 |
|---------------|--|-----------|

### **TfL priorities:**

|              |                   |           |
|--------------|-------------------|-----------|
| Kevin Austin | Head of Transport | 7983 4256 |
|--------------|-------------------|-----------|

### **Finance:**

|               |  |           |
|---------------|--|-----------|
| Tom Middleton | Budget Development Manager – MPA/LFEPA | 7983 4148 |
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|                 |                                      |           |
|-----------------|--------------------------------------|-----------|
| Martin Mitchell | Budget Development Manager – TfL/LDA | 7983 4254 |
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### **Equalities:**

|              |                               |           |
|--------------|-------------------------------|-----------|
| Audrey Young | Head of Diversity Performance | 7983 4826 |
|--------------|-------------------------------|-----------|

### **Environment:**

|                   |                     |           |
|-------------------|---------------------|-----------|
| Shirley Rodrigues | Head of Environment | 7983 4300 |
|-------------------|---------------------|-----------|

## Timetable

|                          |  |
|--------------------------|--|
| <b>Mid-June</b>          | Issue Mayor's Budget Guidance  |
| <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>25 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 2010-11 to 2012-13 and how the financial planning guidelines will be achieved</li> <li>◆ A summary of identified savings to balance the budget and outstanding financial uncertainties and issues</li> </ul>   |
| <b>By end of October</b> | <p>Finance to identify and resolve issues with policy lead officers, and report to the Mayor's Office on:</p> <ul style="list-style-type: none"> <li>◆ How Mayoral priorities are 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>26 November</b>       | Assembly/FBs responses received  |
| <b>10 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>27 Jan</b>            | Assembly to consider draft consolidated budget   |
| <b>10 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  |

## Delivering the Mayor's priorities – further information

### Theme: Promoting safety and personal wellbeing

#### Reduced crime and fear of crime

Reducing crime and the fear of crime so that all Londoners feel safe on the city's streets or using public transport is a significant Mayoral commitment both in his capacity as Mayor and as the Chair of the Metropolitan Police Authority. There are a number of different strands to the crime reduction workstream including:

- The Time for Action Programme – improving opportunities for young Londoners and reduce youth crime
- The Violence against Women strategy – addressing the various aspects of violence perpetrated against women, including sexual and domestic violence.
- The Payback London scheme – helping young people who have had their free travel rescinded to earn the privilege back through voluntary community work.

#### Improved health outcomes for Londoners

Promoting the physical health and mental wellbeing of Londoners is a key part of the Mayor's remit, and he has a statutory responsibility to ensure that health and health inequalities are addressed in the various strands of the authority's work. In the current year there are two key pieces of work relating to health outcomes:

- The Health Inequalities Strategy – encouraging physical activity, supporting long-term investment to reduce poverty, improving access to primary care and NHS services, supporting individuals to make healthier choices and promote wellbeing in the workplace.
- The London Legacy Plan for Sport – A Sporting Future for London –delivering a grass-roots sporting legacy for Londoners from the 2012 Olympic and Paralympic Games by securing a sustained increase in participation in sport and physical activity amongst Londoners. Using sport to assist in tackling social problems including ill health, crime, academic underachievement and lack of community cohesion.

#### Sustained improvements in quality of life

Sustainable development is about delivering a better quality of life for everyone now and in the future and it is a key part of the Mayor's remit. He has a statutory responsibility to ensure that sustainable development is addressed in the various strands of the authority's work, and this is achieved through close collaboration with the London Sustainable Development Commission (LSDC). In the current year there are several pieces of work that will deliver sustainable development outcomes, one of these includes:

- Delivery of the London Leaders programme – throughout 2009 the GLA will deliver the second round of London Leaders in conjunction with the LSDC, developing and supporting action plans and commitments with 16 high-profile leaders who not only exemplify sustainable development but also, where appropriate, help deliver GLA group priorities.

## **Theme: Improving housing and the living environment**

### **Planning for a better living environment**

The Mayor wants to see exciting new architecture and design, balanced with respect for the existing character of London's diverse places and its world-class heritage. The London Plan is the GLA's main strategy document, which provides a framework for the development of the capital over the next twenty years. The Mayor will be undertaking a full revision of the plan, with a target date of 2011. In the meantime, there are a number of other projects designed to improve London's built environment, including:

- A Design Guide - setting out the requirements the Mayor will expect for all new publicly funded homes: harmonising standards to provide consistency, prioritising what matters most for London and setting new minimum standards in a number of key policy areas, in particular space standards.
- The Mayor's Great Spaces programme - helping to revamp and revitalise some of the capital's town centres and unique public spaces and make London an even more attractive place to live, work and visit using, where appropriate, shared space principles.
- Revision of the London View Management Framework - to provide strengthened and improved protection for strategic views of key London landmarks.

### **Improved housing availability and quality**

The Mayor's wishes to raise aspirations and promote opportunity by providing high-quality and sustainable housing solutions for all Londoners. This will be achieved by improving homes, transforming neighbourhoods, maximising delivery and optimising value for money.

- The Mayor will be publishing his Housing Strategy in 2009-10 which will include measures to fulfil his commitment to ending rough sleeping in the capital by 2010. This will be achieved working closely with the London Delivery Board to ensure delivery.
- In August a new website, the London Rents Map, will go live. It will allow people wishing to move into privately rented accommodation to access information about the average prices for various types of properties in at postcode district and borough level.
- The GLA will continue to work with London Collaborative and London Councils on a joint programme to deliver energy efficiency measures across London's homes. This London-wide scheme will deliver retrofit measures to 1.8 million homes by 2015 with savings of 1.3 to 2.1 million tonnes of CO<sub>2</sub> per annum once complete.

### **A greener and more sustainable London**

As well as having a statutory duty to consider climate change adaptation and mitigation, and producing two strategies outlining his approach to the issue, the Mayor also has a keen interest in making London a greener city, since access to parks and green spaces has been shown to have physical benefits by encouraging exercise, as well as the psychological benefits of stress reduction.

- The first year of the Mayor's 10,000 trees project saw nearly 1,500 new trees planted across London. The project continues into 2009-10 with a target of an additional 3,500 planted this year.
- The Mayor is also supporting the Capital Growth project run by the LDA transforming 2,012 pieces of land into food growing spaces by 2012, boosting the amount of food grown locally, improving access to nutritious food in urban areas and helping to increase flood protection.
- The Mayor is addressing climate change through the Building Energy Efficiency Programme and promoting decentralised energy systems.

### **Theme: Building economy and opportunity for all**

#### **Sustained economic growth & competitiveness**

While London is still a key player on the world's economic stage, the challenging economic times need additional focus to ensure Londoners and businesses are adequately supported for recovery. The Mayor is committed to ensuring the GLA group does all it can to support the London economy and help rebuild confidence, while continuing to address longer term issues.

- The Mayor's Economic Recovery Action plan will support London's economy both in the short and longer term, with quarterly updates on key actions published on the GLA's website.
- The Mayor is currently revising his Economic Development Strategy for Greater London, which will set out the course for London's economic development over the next twenty years.
- The new Tourism Plan will support the tourism industry to ensure London's visitor economy is ready to welcome the world and capitalise on the opportunities that hosting the 2012 Olympic and Paralympic Games offers. It will also capitalise on the exposure that the 2012 Games and Cultural Olympiad provide to ensure London maintains its position as a leading destination and lay the groundwork for a post-Games legacy.

#### **Reduced deprivation and exclusion**

London has made significant progress in building a cohesive, equal and diverse society, but there are further improvements to be made. Poverty and deprivation still affect many, with particularly profound effects on children and young people.

- The Mayor's Equalities Framework, Equal Life Chances for All, will be published in 2009/10, and will set out the path to a more cohesive, accessible and inclusive London for all.
- Issues of child poverty will be addressed through the revised Children and Young People's Strategy and programmes to improve access to affordable childcare and to reduce child poverty. The Mayor will continue to support the work of the London Child Poverty Commission
- The Mayor's Fund will help develop a network of services for children, young people and families affected by poverty.

- As well as promoting London's economic success, the Mayor's Economic Development Strategy will seek to ensure all Londoners are given the opportunity to take part in this success.
- The Economic Recovery Action Plan will also focus on communities who were already deprived and support the voluntary sector to continue to meet increased demands for their services.

### **Successful delivery & legacy of the London 2012 Olympic and Paralympic Games**

The London Olympic and Paralympic Games will bring a wide range of benefits to London, including the physical transformation of the Lower Lea Valley, as well as opportunities for employment, volunteering and participation in sport. The 2012 programme is a huge undertaking including a large number of Government, borough, private and voluntary sector partners as well as the Olympic Delivery Authority (ODA) and the London Organising Committee for the Olympic Games and Paralympic Games (LOCOG) and, of course, the Mayor.

- The LDA has consulted on a draft Legacy Masterplan Framework setting out an outline development plan for the Olympic park site after the Olympic and Paralympic Games. The final Framework will be the basis of a planning application in the coming months.
- The London 2012 City Operations programme will continue in 2009/10 and will bring together a number of projects focused on ensuring smooth, safe and efficient operations to support the Games, keeping London moving in Games time and matching the outstanding experience that will be offered inside venues with an equally outstanding experience across the rest of London.
- The GLA will continue to work on the Olympics legacy to ensure that it delivers the anticipated jobs and skills for local people.

### **Theme: Cleaner, greener, more efficient and accessible transport and technology** **A modern, efficient, reliable public transport network**

Transport is an essential element in the success of London, and as the city continues to grow, it is essential that we continue to deliver a high quality, well connected and efficient transport system. This needs to be achieved alongside radical improvements to our urban environment and progress in dealing with our commitment to reducing our emissions of carbon dioxide.

#### **A modern, efficient, reliable public transport network**

A modern, efficient, reliable public transport network is essential for the continued success of London.

- Crossrail will benefit the whole of the UK, adding 10 per cent to London's rail-based transport capacity and creating a lasting legacy of jobs and skills. The project will be partially financed through section 106 agreements and the Business Rate Supplement.
- The benefits of Crossrail will only be realised if continued investment is also provided for the rebuilding of the Tube and upgrading of the national rail network. Together they provide a network capable of meeting future demand and supporting the development of London. We will continue to work with Transport for London to ensure these upgrades are delivered on time and budget.



- The Mayor is also committed to making London a genuinely cycle friendly city. This includes introducing a bicycle hire scheme, delivering cycle highways and expanding secure cycle parking.
- The river Thames has great potential for growth in passenger services, but is constrained by the lack of pier space and lack of integration between other modes. The Rivers Concordat is a voluntary agreement signed by key stakeholders along the river to work together to address these and other strategic issues currently preventing London's river passenger services reaching their full potential.

### **Quicker, smoother, safer road transport**

We also need to ensure that our road network operates efficiently.

- The Mayor is committed to improving traffic flow through changes to traffic signals and dealing with the impacts of roadworks.
- We will also work with key partners to improve the quality of the urban environment through a programme of enhanced public space legacy projects across London that makes use of shared space principles.

### **Sustainable transport**

The Mayor launched the Electric Vehicle delivery plan in May 2009. This described the measures he would put in place to deliver a step change in the take up of electric vehicles.

## Specific policy priorities

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

- ◆ Assist Londoners and London businesses through the recession, including supporting the Mayor's Economic Recovery Action Plan, which is updated quarterly, and positioning London for resumed growth
- ◆ Provide significant support to the Mayor's 'Time for Action' programme in order to prevent violence and improve opportunities for young people
- ◆ Deliver the Mayor's call to end violence against women through his 'Way Forward' strategy
- ◆ Deliver value for money and better quality of life for all Londoners
- ◆ Take forward the use of procurement to deliver economic, environmental and social priorities through the GLA Group responsible procurement programme
- ◆ Prioritise measures consistent with the commitment to carbon reduction targets of 60 per cent by 2025 and promoting open spaces
- ◆ Supporting delivery of the London 2012 Olympic and Paralympic Games and its legacy
- ◆ Providing skills and employment opportunities both through the direct workforce and through supply chains, implementing the Living Wage for London, and promoting equality in the workforce and across London

**(2) Applicable to the MPA**

- ◆ Fight crime, reduce criminality, provide better value for money, and therefore increase confidence in policing
- ◆ Tackle gang, gun and knife crime (particularly by young people) through intelligence-led activity
- ◆ Protect Londoners by reducing the risk presented by terrorism
- ◆ Improve the MPS response to rape and sexual assault and develop a strategic response to trafficking for sexual exploitation
- ◆ Provide and maintain a visible and proactive presence on the transport network (relevant parts thereof) and at transport hubs
- ◆ Implement findings of reviews on public order policing by the MPA Civil Liberties Panel, HMIC and where relevant, the IPCC
- ◆ Implement the outcomes of the Race and Faith Inquiry (in particular as regards promotion, progression and career opportunities)
- ◆ Improve and augment the detective capability of the MPS and enhance the professionalism of the service throughout
- ◆ Enhance, in conjunction with partners, police presence and service to town centres and areas of small businesses
- ◆ Ensure a clear and comprehensive response to dangerous dogs in London
- ◆ Invest in infrastructure and workforce modernisation to increase productivity and reduce bureaucracy
- ◆ Build financial effectiveness, rigour and resilience for the future

**(3) Applicable to TfL**

- ◆ Work towards delivering Crossrail on time and within budget
- ◆ Make public transport safer and more pleasant by increasing the number of police officers on buses, trains and at suburban stations; devoting more resources to tackling illegal minicabs; introducing more knife scanners at transport hubs and trial live CCTV on buses
- ◆ Improve traffic flow through improvements to traffic signals and dealing with the impacts of roadworks
- ◆ Take forward greener technologies on the bus fleet
- ◆ Continue the vital upgrades of the London Underground infrastructure, prioritising line and signal upgrades to expand capacity and improve reliability
- ◆ Make London a genuinely cycle friendly city by introducing a bicycle hire scheme and expanding secure cycle parking
- ◆ Concentrate ongoing service improvements to the bus network in outer London, including a trial of orbital express bus routes
- ◆ Deliver the Mayor's vision for a new bus for London by 2012
- ◆ Maintain and enhance commitment to disabled friendly public transport, by implementing an effective Dial a Ride system and ensuring the reliability of wheelchair ramps on buses
- ◆ Phase out articulated buses
- ◆ Develop and deliver by 2012, a programme of enhanced public space legacy projects across London that makes use of shared space principles
- ◆ Draft and consult on a revised Mayor's Transport Strategy in alignment with the London Plan and Economic Development Strategy
- ◆ Ensure co-ordination of Mayoral transport priorities with the boroughs through development of sub-regional strategies and delivery of transport initiatives through LIPs

**(4) Applicable to LFEPA**

- ◆ Maintain front-line services by continuing to modernise service delivery arrangements and maximising benefits from a risk-based approach to fire safety issues
- ◆ Continue to develop community safety activity and identify areas for partnership activity to target high risk groups
- ◆ Identify opportunities to reduce costs and improve effectiveness with particular focus on training and development and the estate
- ◆ Continue progress toward a more representative workforce at all levels with a particular focus on the recruitment, retention and progression of staff from under-represented groups
- ◆ Further develop LFEPA's contribution to protecting London and Londoners from terrorist attack through training of firefighters and partnership with appropriate bodies
- ◆ Make arrangements to ensure firefighter safety by improvements in equipment and training
- ◆ Develop the role of the London Local Authority Co-ordination Centre and ensure that there is closer collaboration and communication between the Mayor of London and London Local Authorities during emergencies
- ◆ Make further progress on the modernisation of accommodation to provide suitable facilities and a working environment that meets the needs of a diverse workforce

**(5) Applicable to the LDA**

- ◆ Work with GLA to develop, resource and implement the Mayor's Economic Development Strategy and his priorities for London
- ◆ Develop and improve the support offered to London businesses
- ◆ Work with partners to co-ordinate and strengthen the promotion of London
- ◆ Work with partners to deliver the Mayor's and the LSEB's employment and skills agenda, including a campaign to promote age equality in the work place and maximising employment and training opportunities from major projects and the 2011 WorldSkills event
- ◆ Develop and deliver carbon reduction programmes to help meet the Mayor's carbon reduction targets
- ◆ Develop and deliver with a programme of enhanced public space legacy projects across London by 2012

## Financial information required by 26 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 2010-11 to 2012-13 with comparative figures for 2009-10 (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 2009-10, 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 2009-10, 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.

4. It is important to ensure that the movements recorded as detailed above are capable of reconciliation between the reported figures for each of the two years e.g. specific government grants for 2009-10 plus any increase in specific government grants must equal the figure for specific government grants in 2010-11.

### Subjective analysis

5. A subjective analysis must also be submitted covering the three-year plan period, including a comparison with 2009-10 figures.

### New initiatives and service improvements

6. A clear distinction must be made between full year effects of new activities approved in 2009-10 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.
7. 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 2010-11 to 2012-13. Costs of new initiatives should be reflected in each of the three years in which they will be incurred i.e. unless the initiative is of a short-term nature, costs will be repeated in each year.

### Savings and efficiencies

8. 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 2010-11 to 2012-13, which should be shown in the analysis on a cumulative basis i.e. ongoing savings should be reflected in each of the three years
- ◆ 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.



9. 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 2009-10 budget, including the latest available estimate of projected financial performance in 2009-10.

### **Reserves and general balances**

10. To meet the requirement of the Local Government Act 2003 in respect of adequacy of reserves and demonstrate compliance with the 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 2009 to 31 March 2013
- ◆ In the case of earmarked reserves held for purposes beyond 2012-13, an indication should be given as to when they are likely to be applied
- ◆ Proposed allowances for contingencies separately identified and justified.

### **Inflation factors**

11. 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**

12. 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

13. 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 2010-11 to 2012-2013. 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)
- ◆ A rationale/justification for any increase in borrowing over and above the limits that the Mayor approved in March 2009, including any change in the level of headroom between the operational boundary and borrowing limit
- ◆ The level of borrowing required to support the draft capital spending plan
- ◆ The sources of this borrowing.

## Capital spending

14. 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 2010-11 to 2012-13
- ◆ Proposed spending on common themes across the GLA group
- ◆ 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. E.g. where in year capital receipts 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.