

Scrutinising the Mayor's budget for 2015-16

Budget and Performance Committee – project scoping paper

Introduction

The Mayor's budget totals over £17 billion across the GLA Group, and the Mayor's budget decisions affect everyone in London in some way.¹ It covers London's police and fire services, Transport for London, the London Legacy Development Corporation, and the various functions carried out by the GLA itself, including its housing, regeneration and environmental programmes.

The Mayor's budget will be finalised in February 2015. Over the coming months the Budget and Performance Committee will scrutinise the Mayor's spending plans to help ensure taxpayers' and farepayers' money is spent appropriately and effectively. It will do this in a number of ways:

- Committee meetings throughout the year, particularly those in the autumn that focus more specifically on budget-related issues.
- The publication of a Pre-Budget Report in December.
- Committee meetings in January with the heads of the functional bodies and the Mayor.
- A formal response in January, on behalf of the Assembly, to the Mayor's draft consultation budget.

Objectives

The Committee's budget scrutiny work formally and publicly holds the Mayor to account for his budget proposals. It provides a forum for Members to challenge the Mayor and the heads of the functional bodies over their spending (and savings) plans and how these will affect the services they provide to Londoners. The process informs Members and others about some of the key issues to consider during the budget-setting process and helps direct the budget debate.

The Pre-Budget Report contains recommendations for the Mayor, often asking him to provide specific information in his draft budget that will encourage a more informed level of debate. It also includes the Committee's response to the initial budget proposals for the core GLA. The main outputs will be:

- The Pre-Budget Report (December).
- The response to the Mayor's consultation budget (January).
- A briefing paper for all Assembly Members in advance of the Plenary session on the draft consolidated budget (February).

¹ 2014-15 budget figures (revenue of £11.0 billion) and capital spending plan (£6.3 billion).

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Background

The Committee's work will feed into the Pre-Budget Report in December and its response to the Mayor's draft consultation in January, with the intention of informing the budget debate and highlighting key issues for the Mayor to consider as he finalises his budget. The Committee will examine the progress of the functional bodies in meeting their savings targets, and consider their plans to deal with likely future cuts to their budgets – particularly how these may impact services to Londoners over the coming years. Some of the specific issues the Committee has identified are set out below:

Greater London Authority (GLA)

The Committee will use its meeting in November to examine how the GLA is managing the main uncertainties and risks around its budget for 2015-16 and beyond. At the same meeting the Committee will discuss the significant uncertainties around the collection of business rates and the Government's New Homes Bonus, and the implications these may have for the GLA and the London Enterprise Panel. In July the Committee discussed the GLA's project prioritisation process (covering approximately £60 million of expenditure), which had not been completed by January for last year's budget-setting process. This should be completed more quickly this year, so the Committee should be able to discuss it with the Mayor at the meeting on 13 January. The

Committee will also consider the planned cuts in the Council Tax precept (including the reduction in the Olympic precept in 2016-17).

Transport for London (TfL)

In June, following prolonged pressure from the Committee, the Mayor finally agreed to publish the advice he receives from TfL on his annual fares decision. The Committee will be able to analyse this information when it is published in November or December, and use this to put questions to TfL representatives on 8 January and the Mayor on 13 January. The Committee will also consider the cost and performance implications of the collapse of TfL's signalling contract with Bombardier. The Budget Monitoring Sub-Committee (BMS) will examine TfL's expenditure on cycling at its meeting on 21 October, in view of concerns that capital programmes to improve cycling are not being implemented quickly enough.

Mayor's Office for Police and Crime (MOPAC)

The Committee used part of its meeting in September to discuss the Met's progress in implementing its savings plans, based around a recent report from Her Majesty's Inspectorate of Constabulary (HMIC). The Committee heard that the Met does not have detailed plans about how it will make further savings if, as expected, Government funding continues to fall from 2016-17. HMIC also told the Committee that the Met will struggle to make those savings

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with 32,000 police officers in post. In January the Committee can explore some of the key areas for savings – estates, technology and workforce – in more detail, and examine the Met's plans to achieve the performance targets that MOPAC has set for it.

London Fire and Emergency Planning Authority (LFEPA)

LFEPA is now implementing the Fifth London Safety Plan, and is on track to deliver the planned savings. The Mayor has also committed to maintaining his funding to LFEPA at 2014-15 levels for the following two years in view of further planned cuts in Government funding, and has also stated that he is willing to consider one-off funding to help LFEPA implement its savings plans. The Committee can assess progress against these plans, the need for further funding, and the implications for the GLA's resilience reserves, at the meeting on 6 January. It will also be able to examine how performance (particularly response times) has been affected by the need to make savings.

London Legacy Development Corporation (LLDC)

The Committee used part of its meeting in September to examine the LLDC's financial position and its new ten-year plan. The LLDC will no longer receive Government funding from 2015-16, and the Mayor has offered some additional funding to help the LLDC over the next two years. This funding (£8 million in 2015-16 and £4 million in 2016-17),

however, comes out of the core GLA budget, and has not yet been fully committed to the LLDC. If the Mayor decides to reallocate some, or all, of this funding, the LLDC would need to cut its budget further or generate additional income. Over the longer term, the LLDC faces a significant shortfall in the capital funding needed to implement its Infrastructure Development Plan; this is a key risk to the success of the Olympic Park site.

About the Committee

The Budget and Performance Committee scrutinises the Mayor's annual budget proposals, and holds the Mayor and his staff to account for financial decisions and performance at the GLA. The Committee also looks at spending and performance across the GLA group, undertaking investigations into issues such as the viability of [TfL's sponsored transport schemes](#), and the [Met's use of technology](#).

Further information

For further information about this work, please contact Steve Wright, Scrutiny Manager at steve.wright@london.gov.uk or visit www.london.gov.uk/who-runs-london/assembly

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Key dates in the Budget and Performance Committee's scrutiny of the Mayor's budget for 2015-16	
2 July	<i>Mayor's Budget Guidance published</i>
16 July	BMS Committee meeting – Mayor's Budget Guidance
11 September	B&P Committee meeting – Policing in austerity; LLDC
<i>Mid-October</i>	<i>Mayor to set out draft budget proposals</i>
15 October	B&P Committee meeting – London Overground
21 October	BMS Committee meeting – Delivery of the Mayor's cycling vision; LFEPA
20 November	B&P Committee meeting – core GLA budget proposal; New Homes Bonus
<i>28 November</i>	<i>Functional Bodies to publish final budget submissions</i>
Early December	Publish Pre-Budget Report
17 December	BMS Committee meeting – London & Partners
<i>Mid-December</i>	<i>Mayor to publish draft consultation budget</i>
6 January	B&P Committee meeting – consultation budget (MOPAC & LFEPA)
8 January	B&P Committee meeting – consultation budget (TfL & LLDC)
13 January	B&P Committee meeting – consultation budget (Mayor & GLA)
Mid-January	Publish response to the Mayor's consultation budget
<i>28 January</i>	<i>Assembly to consider Mayor's draft consolidated budget</i>
<i>23 February</i>	<i>Assembly to consider Mayor's final draft consolidated budget</i>