

Greater London Authority Annual Governance Statement 2011-12

Summary

The Greater London Authority (GLA) has made further progress in its governance arrangements in 2011-12. This was recognised by an internal audit assessment of 'full assurance' for GLA corporate governance arrangements during the course of the year. Indeed only one internal audit report in 2011-12 resulted in an assessment of below 'substantial assurance'.

It is hoped that the roll out of an e-learning module on corporate governance issues for all staff in autumn 2011 will lead to further improvements in understanding and practice. The module is being refreshed and will be recirculated to all staff for completion in late 2012.

The devolution of significant levels of housing and regeneration expenditure to the GLA has resulted in an increased focus on project governance. The new oversight structures in place are working well and will be modified in the light of their operation during 2012-13 (which constitutes the first full year of their operation).

The scrutiny provided by London Assembly Members continues to play a vital part in challenging and improving governance arrangements at the GLA. One example of the Assembly fulfilling this role in 2011-12 would be its scrutiny of the Visit London administration arrangements and the series of improvements which arose from the recommendations made by Assembly Members. In addition the Assembly's work on fuel poverty made recommendations to increase the impact of the Mayor's RE:NEW programme by targeting resources at areas with larger proportions of people at risk of fuel poverty.

Contents

1. Scope of responsibility
2. The purpose of the governance framework
3. The governance framework
4. Annual governance review
5. London Assembly scrutiny of governance issues
6. Future governance challenges
7. Disclosure

1. Scope of responsibility

- 1.1 The GLA is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The GLA also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the GLA is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions.
- 1.3 The GLA has a corporate governance framework consistent with the principles of the 2007 CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and also two sets of guidance from CIPFA:
 - *Application Note to Delivering Good Governance in Local Government: a Framework*; and
 - *Statement on the Role of the Chief Finance Officer in Local Government*.
- 1.4 This Statement explains how the GLA delivers good governance and also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.
- 1.5 The commitments given in this Statement will be monitored during the course of 2012-13 (where appropriate) and will be revisited in the GLA's Governance Statement for 2012-13.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the GLA is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the GLA to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, and in accordance with legislative requirements.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of not fully achieving policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the GLA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.4 The governance framework has been in place at the Greater London Authority for the year ended 31 March 2012 and up to the date of approval of the annual report and statement of accounts.

3. The governance framework

- 3.1 The key elements of the systems and processes that comprise the GLA's governance arrangements reflect the unique nature of the GLA with a number of 'agents' involved in the delivery of the GLA's objectives. So while this Statement is the GLA's alone (and the bodies with which the GLA works have their own governance statements), the GLA's work cannot be view in isolation (particularly in terms of the operations of the GLA Group, encompassing the GLA and its functional bodies): The agents include:
- The executive Mayor and the Mayor's appointed advisers;
 - The London Assembly;
 - The functional bodies through their boards;
 - The officers of the GLA and the functional bodies; and
 - London borough councils and other external 'stakeholder' organisations.
- 3.2 There is a clear separation of powers within the GLA between the Mayor, who has an executive role, making decisions on behalf of the GLA, and the London Assembly, which has a scrutiny role. The policy decisions of the Mayor are scrutinised by the Assembly. The Assembly is also able to investigate other issues of importance to Londoners, publish its findings and recommendations, and make proposals to the Mayor. The Assembly has a number of committees, with the Business Management and Administration Committee (renamed the GLA Oversight Committee for 2012-13), the Confirmation Hearings Committee, the Audit Panel, the Budget and Performance Committee and the Budget Monitoring Sub-Committee having explicit governance roles.
- 3.3 The GLA's Standards Committee is a committee of the GLA and comprises independent members, Assembly Members and the Statutory Deputy Mayor representing the Mayor. As a result of the Localism Act 2011, the Standards Committee will cease to exist and a new standards regime will be implemented at the GLA on 1 July 2012. Responsibility for dealing with complaints in respect of alleged breaches of the Code of Conduct by elected Members will transfer to the GLA's Monitoring Officer. Other functions of the Standards Committee have already been transferred to the appropriate Assembly Committees, for instance the Audit Panel now considers reports on gifts and hospitality and the expenses incurred by Members and senior officers.

Identifying and communicating the GLA's vision of its purpose and intended outcomes for citizens and service users

- 3.4 The Mayor identifies and communicates his vision and intended outcomes for citizens and service users through a number of published statutory strategies, programmes and project plans. These are informed by and reflect regular and meaningful consultation, and the GLA uses a number of types of communication to present them including the website, press briefings and press releases, and documented meetings with stakeholders and agents.

- 3.5 The Mayor's programme forms the basis of an Authority-wide corporate plan which was known as the Strategic Plan in 2011-12 and will be known as the Programmes and Budget Book in 2012-13. The Strategic Plan set out the Mayor's priorities in terms of plans for the year in question and made clear who is accountable for what. It is publicised to staff on the Intranet, and externally to stakeholders and the public on the Internet (again as will the Programmes and Budget Book). The work of the Assembly Secretariat is also included in corporate planning documents.

Reviewing the GLA's vision and its implications for the GLA's governance arrangements

- 3.6 There is an annual GLA group-wide budget setting process. This process, which is subject to continuous scrutiny by the Assembly, as well as consultations with key stakeholders, has an important purpose of seeking to ensure there are sound medium and longer term financial plans within which all Mayoral priorities and objectives are adequately funded, while recognising areas of risk and uncertainty will inevitably exist.

Measuring the quality of services for users, to ensure they are delivered in accordance with the GLA's objectives and to ensure that they represent the best use of resources

- 3.7 The GLA has systems for providing quarterly management information and reporting to directors and cost centre managers. In addition, progress against corporate initiatives and against budgets is reported quarterly to the Mayor, the Assembly and the Corporate Management Team. Section 4 includes details of the new project governance arrangements.
- 3.8 The GLA's performance monitoring framework includes a published annual report and assurances provided by internal and external auditors on key controls and indicators. Performance is also managed and monitored on a GLA Group level, through quarterly reports to the Mayor and the Assembly detailing financial and service performance for each functional body.
- 3.9 In addition to the regular and periodic performance monitoring activities, the Assembly's scrutiny function encourages constructive challenge and impetus for enhancing performance in respect of the areas it chooses to investigate.

Defining and documenting the roles and responsibilities of the executive, non executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

- 3.10 The Mayor's principal role as the executive of the strategic Authority for London is to promote economic development and wealth creation, social development, and the improvement of the environment. The Mayor has strong executive powers to provide strategic leadership and a range of duties and responsibilities designed to ensure that the programme on which he was elected can be delivered.

- 3.11 A documented Scheme of Delegation for the exercise of Mayoral functions within the GLA is presented at least annually to the Assembly for its information. It reserves appropriate responsibilities to the Mayor and provides managers with the authority necessary to conduct routine business. The Scheme has been updated in the light of the changes to the Mayoral team following the May 2012 GLA Elections.
- 3.12 The Assembly's committees have published terms of reference and there is a documented Scheme of Delegation for the exercise of Assembly functions within the GLA. There is also a documented Scheme of Delegation in respect of the Head of Paid Service's statutory staffing responsibilities for the GLA.
- 3.13 In accordance with his commitment to promote transparency and accountability within the Mayorality and across the GLA Group, the Mayor has published details of all of his senior appointments on the website together with their declarations of interest and of gifts and hospitality. Details of these appointments are available via:
<http://www.london.gov.uk/misc/mayoral-team>

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff

- 3.14 The GLA's Standards Committee, which comprises a mix of independent and elected Members, with an independent Member acting as its chair, is required to promote and maintain high standards of conduct by the Mayor, Assembly Members, and co-opted members of the Assembly's committees and sub-committees. The GLA standards regime will change during 2012-13 as a result of the Localism Act 2011 with the GLA's Monitoring Officer adopting the functions currently held by the Standards Committee. With a change in structures, the GLA reiterates its commitment to the high standards set out in the Seven ("Nolan") Principles in Public Life.
- 3.15 In 2011-12 ten complaints were referred to the Standards Committee's Assessment Sub-Committee (for six of the ten complaints no action was taken and four of the ten were referred for investigation) and one complaint was referred to the Committee's Review Sub-Committee (for which no action was taken).
- 3.16 The GLA also has a Code of Ethics and Standards for its staff. The Code seeks to promote the highest standards of conduct in public service and ensure that its standards and statutory obligations are fully met. It is published on the Intranet and Internet.

Reviewing and updating standing orders, standing financial instructions, scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

- 3.17 The GLA's key corporate governance documents are reviewed periodically. Reviews concluded during 2011-12 included those to the:
- Financial Regulations;

- Anti-Fraud Framework;
- Expenses and Benefits Framework;
- Corporate governance implications of the Bribery Act 2011;
- Use of Resources guidance in the run-up to the 2012 GLA Elections;
- Partnership guidance available to staff on the Intranet; and
- Assembly Standing Orders.

3.18 On risk management, an updated Risk Framework was presented to the Audit Panel in October 2011. Risk management processes are being refreshed to ensure that they pay full heed to the GLA's newly devolved functions in the areas of housing and regeneration.

Ensuring the GLA's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

3.19 CIPFA's Statement on the Role of the Chief Financial Officer lists five principles (how the GLA meets the principle is included after each principle):

- Principle 1: The Chief Financial Officer in a public service organisation is a key member of the Leadership Team, helping it to deliver and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest:
 - The Executive Director of Resources is the GLA's Chief Financial Officer and is a member of the Corporate Management Team which meets weekly. All Mayoral Decision (MD) and Director Decision (DD) Forms must be signed by the Executive Director of Resources – an additional check to ensure probity in the GLA's expenditure of public funds;
- Principle 2: The Chief Financial Officer in a public service organisation must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's overall financial strategy:
 - As noted above, all Mayoral and Director Decision Forms must be signed by the Executive Director of Resources, ensuring that all material decisions have the input of the GLA's Chief Financial Officer. The pro forma decision forms include sections on both risks and financial implications. The organisation's financial strategy is overseen by the Executive Director of Resources with the support of the Assistant Director of Finance and his team. The strategy and its implementation are scrutinised by the Assembly and its Budget & Performance Committee and Budget Monitoring Sub-Committee;

- Principle 3: The Chief Financial Officer in a public service organisation must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively:
 - The Executive Director of Resources is accountable to both the Mayor and the Assembly for the good financial management of the organisation's finances. Value for money is a key principle underlying the GLA's approach and its Chief Financial Officer has led on delivering efficiency programmes, including the shared services initiatives, in the period since May 2008. The Assembly meets in public and regularly questions the Executive Director of Resources and other senior officials on their stewardships of funds;
- Principle 4: The Chief Financial Officer in a public service organisation must lead and direct a finance function that is resourced to be fit for purpose:
 - The Executive Director of Resources line manages the Assistant Director of Finance under whom the GLA's finance team sits. The finance team focuses on key priorities such as budget monitoring, financial advice and presentation of financial information. The team includes suitably qualified and experienced individuals who focus on a wide range of technical, GLA and GLA Group financial issues; and
- Principle 5: The Chief Financial Officer in a public service organisation must be professionally qualified and suitably experienced:
 - The role description for the post of Executive Director of Resources requires the postholder to be a qualified accountant with suitable experience. The current postholder is a member of CIPFA and has over thirty years experience of working in public sector finance. There is also significant experience of financial administration in the public sector within the finance team.

Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

- 3.20 The Assembly has an Audit Panel and its comprehensive terms of reference incorporate the core functions as identified by CIPFA. The Audit Panel raises the profile of internal control, risk management and financial reporting as well as providing a forum for the discussion of issues raised by internal and external auditors. The Panel also monitors the effective development of risk management, whistle-blowing and anti-fraud and corruption policies.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

- 3.21 The GLA's decision-making framework requires compliance with relevant laws, internal policies and procedures, and the GLA's Executive Director of Resources is responsible for ensuring that appropriate professional advice on finance and legal matters is available and properly recorded.

- 3.22 All payments over £500 are published on the GLA's website along with all Mayoral and Director Decision forms. These arrangements are at the heart of the GLA's transparency arrangements.
- 3.23 The GLA's Internal Audit Service was conducted by a new provider in 2011-12: the internal audit division of the Mayor's Office for Policing and Crime (MOPAC) which had formerly been the Metropolitan Police Authority (MPA). The MOPAC carries out a risk based programme of audit work which is aimed at ensuring compliance with the GLA's policies, procedures, rules and regulations.

Arrangements for whistle-blowing and for receiving and investigating complaints from the public

- 3.24 The GLA is committed to the highest standard of openness and accountability. In line with that commitment the GLA encourages employees and others with serious concerns about any aspect of the GLA work to come forward and voice those concerns. It does this through a clear statement of its policy on its Intranet which can be accessed by all staff and which sets out definitions and key points of contact. The GLA also publicises its whistle-blowing policy on its website and maintains a facility for people to report matters directly and confidentially.
- 3.25 In respect to the latter, the GLA entered into a contract with Crimestoppers during 2011-12 to provide a confidential whistle-blowing line. Crimestoppers are also used by Transport for London (TfL) and so a combined contract represents good value for the GLA arising from economies of scale. The annual cost to the GLA of the contract is £800. Corporate documentation has been updated to reflect the new arrangements with Crimestoppers and the next phase (see below) of the corporate governance training will promote the arrangements further. No calls have been received to date.
- 3.26 The GLA has formally communicated guidance to all officers for dealing with complaints. The guidance includes the recording of complaints by the Public Liaison Unit, the monitoring by this group of how complaints are dealt with (in accordance with policy) and the timeliness of dealing with a complaint, and responsible officers for doing that. The guidance includes dealing with serious complaints, complaints about the legality of the GLA's actions, and complaints about the propriety or standard of conduct of the Mayor or members of the Assembly, which are currently matters for the GLA's Standards Committee. Complaints' statistics are reported to the Assembly's GLA Oversight Committee (formerly the Business Management and Administration Committee) on a six-monthly basis.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

- 3.27 The GLA has robust and thorough processes for appraisal and development of its staff, and has training and development policies within its Human Resources framework. The policies aim to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to deliver high level performance for the GLA through a competency framework.
- 3.28 Good corporate governance principles are incorporated into induction training for all staff and elected members. Corporate governance training was provided to all staff during 2011-12 (further information is provided below).

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- 3.29 In addition to the considerable consultation required by statute on his statutory strategies and budget proposals, and consultation undertaken during the development of other programmes and plans, the Mayor has a range of arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of the GLA.
- 3.30 The arrangements include People's Question Time, which are meetings that give Londoners an opportunity to ask the Mayor and the Assembly about their plans, priorities and policies for London, and the State of London Debate, which is the Mayor's annual conference and largest mechanism for debate and direct engagement with policy makers, opinion formers and Londoners on key policies.
- 3.31 The GLA has also developed Talk London which is an online research community of Londoners to promote positive debate about how to improve their city. The community will enable the GLA to gather better, faster, cheaper insight, reaching an extensive range of audiences including those who do not typically engage with the GLA. It is expected to be launched in July 2012 and effectively replaces the Annual London Survey (there was no Annual London Survey in 2012).
- 3.32 The External Affairs directorate works to ensure that all communication to Londoners is audience-focused, meaning that it is relevant to the audience and is written in plain language. The GLA has also well developed arrangements for dealing with Mayoral correspondence and Freedom of Information requests.
- 3.33 The Assembly carries out consultations and engagement with Londoners in order to inform its investigations. This includes a programme of site visits and informal meetings, written consultations, online surveys and consultation and formal committee meetings. The Assembly also hosts a programme of receptions and events at City Hall.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the GLA's overall governance arrangements

- 3.34 One of the key roles of the GLA is to ensure that, working through the GLA Group and other agencies, the Mayor's vision and priorities for London are delivered as effectively and efficiently as possible, and that the best use is made of the available resources. The GLA adds value by: bringing together expertise and specialist skills; providing coordination across a broad range of policy and service delivery areas vital to London; and providing a voice for Londoners both within and without the capital city.
- 3.35 The GLA has two distinct types of partnerships. The first is the partnerships as part of the GLA Group. These have strict governance controls in place, many defined by legislation. The arrangements were revised as part of the introduction of a framework agreement on governance issues between the members of the GLA Group which was agreed in May 2009.
- 3.36 The second are less formal partnerships, which bring together key stakeholders to help inform or deliver key Mayoral priorities. The GLA's approach to these less formal partnerships has changed as a result of efficiency savings with the result that responsibility now sits with individual directorates rather than through a central team. The changes have been reported in full to the Audit Panel. In addition (as noted above) the partnership guidance – available to staff on the Intranet – has been updated.

4. Annual governance review

4.1 Each year the GLA seeks to make improvements to its governance arrangements through a review of areas to be prioritised for action. In 2011-12, the review focused on three areas:

- Assurance ratings arising from internal audit reviews;
- Corporate governance training for all staff; and
- Decision-making processes in the light of the newly devolved functions.

Assurance ratings arising from internal audit reviews

4.2 The GLA received only one audit assurance rating which was below 'substantial' during the course of 2011-12 (please see the annex for a full list of audits). This is a record of which the GLA can be extremely proud.

4.3 Of particular note in the context of this Statement is the 'full' assurance for the corporate governance review reported to the Audit Panel in March 2012.

4.4 The one 'limited' assurance – for contract audit in Facilities Management – officers have accepted the recommendations and put in place improved procedures.

4.5 Internal Audit's Annual Assurance statement for 2011-12 confirms that "The GLA has an effective internal control environment".

Corporate governance training for all staff

4.6 Corporate governance training was identified by the GLA as a priority area for action in 2010. As a consequence e-training was developed for all staff, covering the areas listed below.

Introduction section	What is corporate governance? What are the initial reference points? How to locate corporate governance documents?
Corporate governance strands	Codes of Conduct Declaration of interests Decision making Financial regulations Funding agreement toolkit Procurement Gifts and hospitality Use of resources Expenses and benefits Political restrictions Whistleblowing Antifraud

- 4.7 By the end of October 2011, 99% of staff had completed the e-learning module on corporate governance. In the period since then, all new starters have been asked to complete the module.
- 4.8 The roll-out of the module has been judged to be a great success – based on the numbers completing it and the positive feedback received – and an updated module will be available in late 2012. Once again, all staff will be expected to complete the module. Consideration will also be given to the scope for bespoke corporate governance training for Deputy Mayors.

Decision-making processes in the light of the newly devolved functions

- 4.9 Another area earmarked for review and improvement was decision-making in the light of a series of new functions being devolved in the GLA in the period from April 2011 to April 2012.
- 4.10 The GLA's response was to develop assessment and evaluation procedures for proposed project expenditure before they go to the Mayor for decision via Mayoral Decision (MD) form.
- 4.11 The Investment & Performance Board (IPB), the Housing Investment Group (HIG), the London Enterprise Panel (LEP) and Homes for London are the bodies which undertake this assessment and evaluation. The system has operated well thus far and has improved project governance. Further information is available via:
- For IPB and HIG, please see: <http://www.london.gov.uk/who-runs-london/greater-london-authority/investment-performance-board>
 - For the LEP: <http://www.london.gov.uk/business-economy/working-partnership/lep>
 - For Homes for London: <http://www.london.gov.uk/priorities/housing>
- 4.12 Features of the new approach include:
- For project approval, a focus on the cases made by officers at stages one (concept approval) and two (investment approval);
 - Challenge from 'independent' members (i.e. non-GLA) on the HIG, the LEP and Homes for London; and
 - Monthly project monitoring against budget and key milestones.

5. London Assembly scrutiny of governance issues

- 5.1 There does remain, of course, a need for regular challenge from the Assembly of the GLA's governance arrangements. A summary of the Assembly's governance scrutiny work in 2011-12 is shown below.

Mayor's Question Time

- 5.2 The Mayor is required to attend ten meetings of the Assembly per year to answer Assembly Members' questions, as a key part of the Assembly's role of holding the Mayor to account. Members asked questions of the Mayor on a wide range of topics, including governance issues relating to the Mayor's new housing and regeneration powers and responsibilities, the new Mayor's Office for Policing and Crime, and the GLA Group's budgets and performance.

Establishment of a Mayoral Development Corporation

- 5.3 In response to the Mayor's consultation on proposals to create a Mayoral Development Corporation (MDC) covering the Olympic Park and surrounding area, the Assembly agreed a series of recommendations that it wished the Mayor to adopt in his formal designation to the Secretary of State. In his response to the Assembly, the Mayor accepted a number of the recommendations including: the need for the MDC to have a clear set of objectives, the value of refreshing the Board with new members, the value of having representatives with local knowledge on the Board and Planning committee of the Corporation and the need for the Assembly to have access to people and papers in order to fulfil its scrutiny role. While the Assembly pressed for specific commitments from the Mayor over the size and composition of the Planning and Communities Committee, the Mayor argued in favour of leaving these matters to the discretion of the Board of the MDC.
- 5.4 Following the Assembly's emergency plenary meeting on 19 January and its decision to support the Mayor's proposals the Assembly raised a small number of further issues it wanted the Mayor to address. In particular, the Assembly argued in favour of the MDC having a finite task and not an indefinite lifespan. While the Mayor did not see the MDC as being a permanent feature he argued against naming a specific end date because of the unhelpful expectations that would raise. However, the Mayor accepted the Assembly's argument for clear, published arrangements for the public to comment on planning applications and emerging planning policy documents and to request to speak at planning committee meetings.

Responses to statutory consultations on Mayoral strategies and the Mayor's draft budget for the GLA Group

- 5.5 The Assembly responded to statutory consultations on the Mayor's draft Air Quality Strategy, revisions to the Mayor's Housing Strategy and the Mayor's draft budget for the GLA Group. The Assembly's consultation responses are published on the London.gov.uk website, and the Mayor is required to have regard to them in formulating the final versions of his strategies and budgets.
- 5.6 In its response to the GLA Group Draft Consultation Budget, the Budget and Performance Committee recommended that targets for savings from shared services should be revised to make them more meaningful. It said new targets should be based on a tighter definition of shared services and a better understanding of how the programme fits with the functional bodies' broader savings objectives. These recommendations were welcomed by the Mayor's Adviser on Budgets and Performance and the Mayor's Chief of Staff said further substantial work would be undertaken before the publication of the 2013/14 Budget Guidance to address the Committee's concerns.
- 5.7 The Committee also concluded that intentions for the use of resources needed to be clarified before the next stage of the budget process. It recommended that the Draft Consolidated Budget should present expected programme expenditure across the GLA's areas of responsibility and any plans for further borrowing or capital/revenue swaps to boost revenue budgets. In response the Chief of Staff committed to publish the GLA's programme budget in subsequent budget proposals and ensure the other information was included where appropriate.
- 5.8 Previously the Committee highlighted that initial core GLA budget proposals described spending reductions as 'efficiency savings' despite an acceptance by the Chief of Staff that some of the required savings would come from ending programmes and carrying out fewer activities. The Committee concluded that the distinction between savings and efficiencies was important and called for future budget proposals only to list efficiency savings where there are no reductions in service levels or programme outputs. The Chief of Staff asked officers across the Group to consider the Committee's request for clarity in this distinction and see whether future budgets could report savings and efficiencies separately. For the 2013-14 GLA Group budget setting process, the Mayorality has now committed to setting out a clear distinction by body between savings and efficiencies.

Administration of Visit London

- 5.9 The Economy, Culture and Sport Committee highlighted flaws in the process to place Visit London into administration and recommended a number of improvements; the Mayor accepted the Committee's findings and agreed to implement almost all recommendations.

Consultations on decisions about the GLA establishment and Head of Paid Service functions

- 5.10 During 2011/12 the Business Management and Administration Committee responded on behalf of the Assembly to Head of Paid Service consultations and in 2012/13 the GLA Oversight Committee (which has replaced the Business Management and Administration Committee) will have that responsibility. This provides transparency and a check and balance in the process of restructuring and in decisions relating to staff terms and conditions. Over the year the Committee responded to several consultations about proposed restructures in the organisation and proposals have been improved and refined as a result.

Improving the GLA's efficiency, decision-making and effectiveness

- 5.11 The Assembly carries out investigations into issues of concern to Londoners and makes recommendations aimed at improving the GLA's decision-making and resource allocation. For example, the Assembly's work on fuel poverty made recommendations to increase the impact of the Mayor's RE:NEW programme by targeting resources at areas with larger proportions of people at risk of fuel poverty.

Improving City Hall transparency

- 5.12 The Assembly is of the view that City Hall transparency would be improved by the Mayor agreeing to hold 'open' press conference at which any media representative can pose questions directly to the Mayor. The Mayor is of the view that there are plenty of existing opportunities for him to be held accountable by the Assembly and the public (e.g. Mayor's Question Time, Talk London events).

Assembly Members undertaking executive roles

- 5.13 The Assembly has previously raised the issue of Assembly Members outside of the Statutory Deputy Mayor taking up executive roles at the GLA. This matter was reviewed by the GLA's Monitoring Officer and formal guidance has been appended to the GLA's new statutory Code of Conduct (see <http://www.london.gov.uk/moderngov/mgConvert2PDF.aspx?ID=9572>).

Governance of GLA Group shared services

- 5.14 The Assembly has supported the Mayoral programme of GLA Group shared services and indeed has expressed frustration at the lack of progress in this regard. Should there be a significant increase in the number of shared service arrangements in place across the GLA Group, then the governance arrangements underpinning them will need to be robust and transparent.

GLA investment decisions

- 5.15 The model established by Transport for London of an Independent Investment Programme Advisory Group (IIPAG – <http://www.tfl.gov.uk/corporate/about-tfl/17915.aspx>) should be examined further by GLA officers, in the context of the newly established GLA Investment & Performance Board (IPB).

Delivery of GLA community initiatives

- 5.16 In delivering its community initiatives, the GLA should be clear in the approach it is adopting, whether that be: (i) devolving functions or (ii) commissioning functions. At all times, the GLA should seek to avoid duplicating boroughs' or other local bodies' roles. When devolving a function, governance responsibility should pass to the body to which the function is being devolved. When commissioning a function, the GLA will need to ensure appropriate controls are in place. In all cases, the GLA retains strategic oversight. The GLA's Health and Communities Unit will need to exercise particular care in this regard, given the focus of its work.

The Assembly's allocation of its own budget and its Annual Meeting

- 5.17 Concerns were raised by one of the Assembly's party groups that an agreement¹ formed between the Assembly's three other party groups in respect of the arrangements in place for the conduct of Assembly business improperly influenced the Assembly's processes in the relation to the allocation of its own budget. The Monitoring Officer was asked to review these concerns and advised the agreement did not constitute an unlawful or improper undertaking and did not place the Members who were party to it in breach of the duties placed on them by the GLA's Code of Conduct.

¹ The agreement can be viewed via:
<http://www.mayorwatch.co.uk/wp-content/uploads/2012/05/Labour-Liberal-Green-Pact-2012.pdf>

6. Future governance challenges

6.1 Future governance challenges are expected to centre around:

- The continuing development of the new housing and regeneration functions and the governance issues arising from that;
- Governance issues arising from the formation of a GLA land and property company and its interaction with the GLA;
- The possible establishment of a Mayoral led pan-London health improvement board with funding top sliced from boroughs' public health allocations;
- Clarity in working arrangements and the exercise of Mayoral powers between the GLA and the MOPAC;
- The resource pressures arising from a more constrained funding environment; and
- Ensuring that statistics in the London Datastore and those used or provided by the GLA more generally – including through the Mayor's new Data Dashboard – comply with nationally recognised best practice for the compilation and use of statistics.

6.2 We propose over the coming year to continue to improve and develop our governance arrangements. We are confident that the current governance processes and planned developments will enable us to meet the challenges identified above.

7. Disclosure

- 7.1 No significant developments or events relating to the governance system have occurred between the end of the 2011-12 financial year and the signing off of the Authority's financial statements in September 2012.



Boris Johnson
Mayor of London

Date: 26 September 2012



Jeff Jacobs
Head of Paid Service

Date: 26 September 2012

Annex: Audit assurance ratings in 2011-12

Audit Panel meeting	Internal Audit report	Assurance rating
5 July 2011	1.Contract Audit – Facilities Management	Limited
5 July 2011	2.Mayor’s Planning Powers	Substantial
5 July 2011	3. Risk Management	Substantial
5 July 2011	4. Budgetary Control	Substantial
5 July 2011	5. Payroll	Substantial
5 July 2011	6. Ordering, Receipts and Payments	Substantial
5 July 2011	7. Disaster Recovery Improvement Data Replication Project	N/A
5 July 2011	8. Virtual Computing	Substantial
5 July 2011	9. Accessible Communications	Substantial
19 October 2011	10. Corporate Business Continuity	Substantial
19 October 2011	11. Precepting	Full
19 October 2011	12. Expenses and Benefits	Substantial
19 October 2011	13. Elections Preparation	Substantial
14 December 2011	14. Review of the Mayor’s 2012 Sports Legacy Programme	Substantial
14 December 2011	15. BS8901 (British Standard for Sustainability Management Systems)	Substantial
14 December 2011	16. General Ledger	Substantial
14 December 2011	17. Budgetary Control Framework	Substantial
14 December 2011	18. Treasury Management	Full
14 December 2011	19. Debtors Control Framework	Substantial
13 March 2012	20. Responsible Procurement	Substantial
13 March 2012	21. Review of Letting, Award and Management of Major Contracts	Substantial
13 March 2012	22. Corporate Governance, Strategic Planning and Performance Frameworks	Full
13 March 2012	23. Creditors Payment Framework	Substantial
13 March 2012	24. Payroll	Substantial