

Greater London Authority

Annual Governance Statement 2012-13

Summary

The Greater London Authority (GLA) has made further progress in its governance arrangements in 2012-13. There has been an opportunity for some of the processes set up in respect of the newly devolved housing and regeneration functions to become more fully embedded into the day-to-day work of the Authority.

Devolution has brought about a significant (tenfold) increase in GLA expenditure since 2010-11 and has also led to the Authority owning 625 hectares of land. These increased responsibilities for the GLA will continue to present governance challenges in the coming years.

A revised Mayoral Scheme of Delegation was introduced at the end of 2012-13. The revised Scheme has the benefit of streamlining certain corporate processes so as to increase the number of decisions exercisable by senior members of staff. The Scheme will be kept under review and an updated version reflecting changes in legislation will be in force from 1 October 2013.

Only one internal audit report in 2012-13 resulted in an assessment of below 'adequate assurance'. In the case of that one report – cheque handling – internal audit has since confirmed that the Authority has improved its processes so that they are now adequate.

The scrutiny provided by London Assembly Members remains critical to the successful functioning of the Authority and its governance arrangements. Section 5 of this Statement, along with Appendix C, provide more details of the Assembly's work during 2012-13 in this regard.

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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 2013-14 (where appropriate) and will be revisited in the GLA's Governance Statement for 2013-14.

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 2013 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 GLA Oversight Committee, the Confirmation Hearings Committee, the Audit Panel, the Budget and Performance Committee and the Budget Monitoring Sub-Committee having explicit governance roles.

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

- 3.3 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.
- 3.4 The Mayor's programme forms the basis of an Authority-wide corporate plan which was known as the Strategic Plan in 2012-13 and is known as the Business Plan for the period from 2013-14 to 2015-16. 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 (as is the Business Plan). The work of the Assembly Secretariat is included in corporate planning documents as they span work undertaken across all GLA functions.

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

- 3.5 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

- 3.6 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. Project reporting is on a monthly basis to the Mayor's Investment and Performance Board (IPB).
- 3.7 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.
- 3.8 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

- 3.9 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.

- 3.10 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 new functions devolved to the GLA. More details are included in Section 4.
- 3.11 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.
- 3.12 In accordance with his commitment to promote transparency and accountability within the Mayoralty and across the GLA Group, the Mayor has published details of all of his appointments on the GLA website together with their declarations of interest and of gifts and hospitality. The Head of Paid Service has done likewise for GLA directors and has also included a GLA organogram together with details of senior managers' pay and responsibilities.

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

- 3.13 The GLA's Monitoring Officer oversees the Authority's code of conduct. The Monitoring Officer seeks to be fully transparent in the conduct of his work by: publishing all decisions made on complaints received during 2012-13, providing a public update on all MOPAC-related complaints to each meeting of the Assembly's Police and Crime Committee and by presenting an annual report to the Assembly summarising his work. It is included as item 8 of the 20 March 2013 meeting of the Assembly's Audit Panel: <http://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=128&MIId=4580&Ver=4>
- 3.14 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

- 3.15 The GLA's key corporate governance documents are reviewed periodically. Reviews concluded during 2012-13 included those to the:
- Scheme of Delegation;
 - Financial Regulations; and
 - Contracts Code.

- 3.16 In addition a new joint GLA – Transport for London (TfL) sponsorship code has been introduced to oversee the Mayor’s work in this area. The Assembly was consulted on the draft code before it was finalised. As with all corporate documents, it will be kept under regular review.
- 3.17 On risk management, the Authority is currently responding to recommendations made by its internal auditors in this regard. More detail is included in Section 4.

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)

- 3.18 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 both the Corporate Management Team (CMT) which meets weekly and the Investment & Performance Board which meets monthly. He also chairs the officer level Governance Steering Group. 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 Head of Financial Services 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 both the Head of Financial Services (GLA focus) and the Assistant Director of Group Finance (GLA Group focus) under each of whom the GLA's finance staff sit. Finance staff focus 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

- 3.19 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

- 3.20 The GLA's decision-making framework requires compliance with relevant laws, internal policies and procedures, and the GLA's Executive Director of Resources and Head of Governance & Resilience are responsible for ensuring that appropriate professional advice on finance and legal matters is available and properly recorded.
- 3.21 All payments over £250 are published on the GLA's website along with all Mayoral, Director Decision and Assistant Director Decision forms. These arrangements are at the heart of the GLA's transparency arrangements.
- 3.22 The GLA's Internal Audit Service is provided by the Mayor's Office for Policing and Crime (MOPAC). MOPAC carries out a risk based programme of audit work which aims to provide assurance on the effectiveness of the management of risks to the achievement of agreed objectives and compliance with GLA policies, procedures, rules and regulations.

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

- 3.23 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.
- 3.24 In respect of the latter, the GLA has entered into a contract with Crimestoppers to provide a confidential whistle-blowing line. Crimestoppers are also used by TfL and so a combined contract represents good value for the GLA arising from economies of scale. The contract is due to expire in 2013 and so is currently being retendered.
- 3.25 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 (PLU), 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. Complaints' statistics are reported to the Assembly's GLA Oversight 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

- 3.26 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.
- 3.27 Good corporate governance principles are incorporated into induction training for all staff and elected members. On line corporate governance training was made available to all staff during 2012-13 and is being refreshed for 2013-14 to reflect developments in practice.

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

- 3.28 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.
- 3.29 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.
- 3.30 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 and discuss the major issues arising. In addition, and through the London Datastore, the London Dashboard provides regular updates on nine key indicators of London life.
- 3.31 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 also has well developed arrangements for dealing with Mayoral correspondence and Freedom of Information requests.
- 3.32 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

- 3.33 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.
- 3.34 The GLA has two distinct types of partnership. 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.
- 3.35 The second are less formal partnerships, which bring together key stakeholders to help inform or deliver key Mayoral priorities. They vary tremendously in role, size and resourcing. Oversight of these partnerships is at team level as individual teams will know how best to benefit from stakeholder arrangements in place in their subject areas.

4. Review of governance issues arising

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 2012-13, the review focused on five areas:

- Assurance ratings arising from internal audit reviews;
- Risk management;
- Anti-fraud activities;
- Revised Mayoral Scheme of Delegation;
- Directions issued to functional bodies;
- Relationship with the London Legacy Development Corporation (LLDC); and
- Relationship with the GLA's subsidiary companies.

Assurance ratings arising from internal audit reviews

4.2 The GLA received only one internal audit assurance rating which was below 'adequate' during the course of 2012-13 (please see Annex A for a full list of reviews).

4.3 For the one 'limited' assurance rating during the year – cheque handling – officers have accepted the recommendations made in the audit report and have put in place improved procedures as a result. Internal audit has examined the new procedures and have found them to be adequate.

4.4 The table below records the GLA's performance in 2012-13.

Rating	Risk based reviews	Risk based reviews %	Follow up reviews	Follow up reviews %
Substantial	3	17%	8	50%
Adequate	14	78%	8	50%
Limited	1	5%	0	0
No Assurance	0	0	0	0
Total	18	100%	16	100%

4.5 Internal Audit's Annual Assurance Statement for 2012-13 states that "the GLA has an effective internal control environment which is supported by an improving risk management framework".

Risk management

- 4.6 Internal audit has examined the Authority's risk management framework and has found it to be adequate, concluding that:

A clearly defined framework for risk management has been developed which sets out the GLA strategic approach and provides guidance to all staff. Effective risk management methodologies are being consistently applied in respect of projects and programmes, which are supported by a defined risk escalation process. Adequate reporting arrangements support the management of corporate risk, although a more structured approach to capturing and escalating directorate level risks would be beneficial.

Going forward, the application of the framework will be reviewed, utilising a risk maturity model, to ensure it is consistent across the organisation and best practice is identified and promulgated. A risk assessment against the GLA Business Plan 2013-16 will give further assurance that all key risks to the achievement of agreed priorities and objectives are identified and effectively managed.

Anti-fraud activities

- 4.7 The GLA continues to place a high priority on its anti-fraud work. In 2012-13 there was one attempted fraud which proved to be unsuccessful. Appropriate action was taken and reported to the Audit Commission. Officers remain in close contact with internal audit to identify areas which have the highest potential for fraud so that suitable preventative action can be taken.

Revised Mayoral Scheme of Delegation

- 4.8 The Mayor's Scheme of Delegation was revised at the end of 2012-13 so that a new Scheme could be operation from 1 April 2013. The new Scheme reflects the devolution of housing and regeneration functions and increased financial decision making thresholds are included in acknowledgement of the tenfold increase in GLA expenditure since 2010-11. Consequential changes were made to Financial Regulations and the Contracts Code to ensure consistency across core governance documents.
- 4.9 The Scheme is currently being updated to reflect changes in planning legislation and to enable some tidying up of other sections. The updated Scheme will become operational from 1 November 2013.

Directions issued to functional bodies

- 4.10 The issue of Mayoral directions to functional bodies arose in 2012-13 in the context of a Mayoral direction to the London Fire & Emergency Planning Authority (LFEPA). The GLA is careful to issue directions only when it is appropriate to do so. All directions are published through Mayoral decision forms.
- 4.11 Annex B summarises the Mayoral directions issued to functional bodies in 2012-13. Ten were issued to Transport for London (TfL) and one to LFEPA. No directions were issued to the London Legacy Development Corporation (LLDC).

Relationship with the LLDC

- 4.12 The LLDC was established as a Mayoral development corporation in April 2012 under the terms of the Localism Act 2011. The nature of its establishment, and of its operations as a time limited public body under direct Mayoral control, means that it is closer to the GLA than the other functional bodies. For this reason the LLDC forms part of the GLA's consolidated accounts for 2012-13 but the other functional bodies do not.
- 4.13 In addition, the London funding settlement the GLA has reached with the Department for Communities and Local Government (DCLG) makes the LLDC's finances inextricably linked with those of the GLA through the arrangements put in place for the GLA to retain the proceeds of land and property sales at the Queen Elizabeth Olympic Park.
- 4.14 To reflect the close working relationship between the two bodies, a formal governance framework has been agreed between the GLA and LLDC. It can be found in Mayoral Decision 1227 and is available via: <http://www.london.gov.uk/mayor-assembly/mayor/mayoral-decisions/MD1227> There are also regular meetings between senior finance officers in the two organisations to align future financial plans.
- 4.15 The LLDC's own Annual Governance Statement for 2012-13 sets out its relationship with the GLA and also the processes the Corporation has in place to ensure the proper discharge of its functions.

Relationship with the GLA's subsidiary companies

- 4.16 When investing the GLA with new land powers, the Government was keen to ensure that there would be tax neutrality in any commercial enterprises entered into by the GLA. As a result, the Localism Act 2011 sets out a framework whereby GLA commercial activities are undertaken through a company structure overseen by the GLA.
- 4.17 Mayoral Decision 937 established two companies for this purpose: Greater London Authority Holdings Limited (GLAH) and GLA Land and Property Limited (GLAP). Further details can be accessed via: <http://www.london.gov.uk/mayor-assembly/mayor/mayoral-decisions/MD937>
- 4.18 The transactions undertaken by GLAH and GLAP are integrated into GLA decision-making processes, reflecting their status as companies wholly owned by the GLA.

5. London Assembly scrutiny of governance issues

- 5.1 The London Assembly has a key role to play in holding the Mayor to account and scrutinising GLA governance, services and functions.
- 5.2 The Assembly provides regular challenge of the GLA's governance arrangements in a number of key ways:
- Mayor's Question Time, where the Mayor is required to attend ten meetings of the Assembly per year to answer Assembly Members' questions;
 - Responses to statutory consultations, principally relating to Mayoral strategies and the Mayor's budget;
 - Confirmation hearings for key appointments (see below);
 - The work of scrutiny committees;
 - Other work on internal corporate governance.
- 5.3 Mayoral nominees for eight offices are subject to non-binding confirmation hearings conducted by the London Assembly. The purpose of the confirmation hearing, which is held in public, is to establish whether a candidate has the ability to do the job and is fit for office. The Assembly does not have the power to veto an appointment and its recommendations are not binding on the Mayor. In the case of a ninth office, the Deputy Mayor for Policing and Crime, the Assembly confirmation hearing is binding for candidates who are not Assembly Members.
- 5.4 The eight offices to which non-binding confirmation hearings apply are:
- Chair and Deputy Chair of Transport for London;
 - Chair of the London Fire and Emergency Planning Authority;
 - Chair of the London Cultural Strategy Group;
 - Chair and Deputy Chair of the London Pensions Fund Authority;
 - Chair of the London Waste and Recycling Board; and
 - Chair of a Mayoral Development Corporation.
- 5.5 Appendix C provides details of governance and related issues raised by the Assembly in 2012-13.

6. Future governance challenges

6.1 Future governance challenges are expected to centre around:

- Continued resource pressures arising from the constrained funding environment;
- Monitoring a suite of 150 projects which cut across a wide variety of subject areas; and
- Maintaining a large amount of data on the GLA website and ensuring that it remains timely, accurate and easily accessible.

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 2012-13 financial year and the signing off of the Authority's financial statements in September 2013.



Boris Johnson
Mayor of London

Date: 30 September 2013



Jeff Jacobs
Head of Paid Service

Date: 30 September 2013

Annex A: Internal audit assurance ratings in 2012-13

Risk based reviews

Audit Title	Rating
City Operations	S
Remote Working - IT Control Framework	S
IT Strategy and Implementation	S
Facilities Management (including health and safety)	A
Members Allowances and Expenses Control Framework	A
Contract Management	A
Network/Internet Security	A
Use of Agency Staffing and Consultancy	A
Capital Programme - Monitoring and Control	A
2012 Employment and Skills Legacy Programme	A
Debtors Control Framework	A
Creditors Payment Framework	A
Treasury Management	A
External Grant Funding	A
External Grants (European Funding Control)	A
Payroll	A
Risk Management	A
Cheque Handling	L

Follow up reviews

Audit Title	Rating
Allowances and Expenses Framework	S
Mayor's Sports Legacy Programme	S
General Ledger	S
Corporate Governance Framework and Strategic Planning	S
IT Business Continuity Framework	S
Expenses and Benefits	S
2012 Employment and Skills Legacy Programme	S
Facilities Management	S
Business Continuity	A
Election Preparation	A
Budgetary Control Framework	A
London Engagement (incl. Marketing and Events)	A
Procurement - Letting, Award and Management of Major Contracts	A
Responsible Procurement	A
Information Governance	A
Mayoral Planning Powers	A

Annex B: Mayoral directions issued to the GLA's functional bodies in 2012-13

MD no.	Issue	Body	Date	Decision
1012	Emirates Air Line Cable Car fares and ticketing	TfL	28/06/12	Approve the fares and ticketing structure proposed for the Emirates Air Line as set out below; and sign the attached Direction to TfL under section 155 (1)(c) of the Greater London Authority Act 1999 to implement these fares from the date of its opening.
1036	LMC Free Travel	TfL	12/07/12	Approve the provision of free travel during the Olympic and Paralympic Period to persons accredited with LMC Media by means of PAYG Oyster cards on the basis described in this form and sign the attached Direction to Transport for London under section 155 (1) (c) of the Greater London Authority Act 1999.
1051	Wards Corner regeneration	TfL	17/08/12	1. Delegates to TfL the exercise of the Mayor's power under sections 30 and 34 of the Greater London Authority Act 1999 ("the Act") to provide financial resources to the promotion of economic development and wealth creation in Greater London; and 2. That the Mayor directs TfL to enter into arrangements with the London Borough of Haringey to provide financial support to small businesses of £284,500
1037	Direction to TfL in relation to aviation	TfL	06/09/12	Extend the Direction he gave to TfL on 13 May 2011 (MD806) under section 155(1)(c) of the Greater London Authority Act 1999 ('the GLA Act') that TfL assess issues associated with the Government's aviation policy review.
1078	Remembrance day Poppy Day	TfL	12/10/12	1. Delegates to TfL the exercise of the Mayor's power under sections 30 and 34 of the Greater London Authority Act 1999 to further the promotion of social development in order to facilitate the communication to users of the London Transport network of the contribution of service men and women in London have made to the protection of Greater London and its inhabitants. 2. Directs TfL to procure and incur up to £210,000 wrapping a Circle line tube train.

MD no. (cont.)	Issue	Body	Date	Decision
1077	60+ Concession	TfL	19/10/12	<p>1. To approve the introduction and implementation of the Travel Concession for those between 60 years and the age at which they are eligible for the London Councils' Freedom Pass whose sole or principal residence is in Greater London.</p> <p>2. To direct Transport for London under sections 155(1) and 174(1) of the Greater London Authority Act 1999 ("GLA Act 1999") to implement the Travel Concession by approving and signing the TfL 60+ London Oyster Photocard Scheme Fares Delegation and Direction 2012 ("the Fares Direction") at Appendix B.</p>
1080	Direction to Transport for London to undertake additional work in relation to aviation issues	TfL	05/11/12	<p>1. Extend the Direction he gave to TfL on 6 September 2012 under section 155(1)(c) of the Greater London Authority Act 1999 ("the GLA Act") that TfL progresses the issues associated with the Government's aviation policy review.</p> <p>2. Authorise TfL under section 38(1) of the GLA Act to exercise the Mayor's powers under sections 30 and 34 of the GLA Act to do all things necessary and expedient to undertake the works required by the Mayor's Amended Direction in accordance with the terms of the delegation annexed to this report.</p> <p>3. Authorise Daniel Moylan as a member of the TfL Board to oversee the work that TfL will undertake pursuant to the Amended Direction.</p>
1090	2013 fares decision	TfL	07/11/12	<p>Approve the proposed revisions to TfL fares to be implemented from 2 January 2013 as set out below; and sign the attached Direction to TfL under section 155 (1)(c) of the Greater London Authority Act 1999 to implement these fares from that date.</p>
1102	Contactless Payment Card	TfL	12/12/12	<p>Note the introduction of CPC acceptance on buses as set out below; and sign the attached Direction to TfL under section 155 (1)(c) of the Greater London Authority Act 1999 ("the GLA Act").</p>
1140	Draft Fifth London Safety Plan	LFEPA	30/01/13	<p>That the Mayor directs LFEPA in relation to its Draft Fifth London Safety Plan in the form attached at Appendix A to this decision form.</p>
1163	Fares for Putney to Blackfriars River Bus	TfL	05/03/13	<p>1. Approve the proposed TfL fares for the Putney to Blackfriars river bus service, which is scheduled to commence on 1 April 2013; and</p> <p>2. Sign the attached fares direction to TfL under section 155(1)(c) of the Greater London Authority Act 1999 to implement these fares from the said date.</p>

Appendix C: Governance and related issues raised by the Assembly

Police and Crime Plan

The Police and Crime Committee published its response to the consultation on the Mayor's draft Police and Crime Plan in March 2013. The Plan sets the Mayor's priorities for policing in London and the Committee is a statutory consultee during its development. The Committee held a series of public evidence gathering meetings with experts and met groups representing communities that report lower confidence in the police. The Committee's recommendations resulted in significant changes to the final Plan. Changes include a greater number of named officers being allocated to wards than originally planned; the Mayor's Office for Policing and Crime developing a performance management framework and a new approach to reviewing data quality; and more detail about how the use of stop and search will be scrutinised.

Budget

The Budget and Performance Committee published its response to the Mayor's draft consultation budget for the GLA Group 2013-14 on 23 January. The Committee asked that the Mayor should develop a set of performance targets for the GLA Group which it was pleased to note were contained in the GLA Business Plan. However, the Budget and Performance Committee felt the Mayor did not fully engage with its response in two key areas: a) the Mayor was unable to provide the Assembly with financial information relating to proposed changes to the police estate, meaning that the public consultation was carried out with no details of the likely savings and costs available; and b) the Mayor again declined to provide the Committee with the financial information that informed his annual fares decision. This is one of the Mayor's most significant decisions, with implications for millions of Londoners, yet the Committee is concerned that he remains unwilling to provide the information needed to allow proper scrutiny.

Appointments

Assembly Member questions at confirmation hearings to date have concerned personal attributes; capacity to undertake the duties of the office; and key responsibilities and issues for the organisation to which the Mayor is proposing to appoint the candidate. In practice, there has only been one occasion on which the Confirmation Hearings Committee has recommended that the Mayor should not proceed with his proposed appointment (the appointment of Councillor Daniel Moylan to the office of the Chair of the London Legacy Development Corporation). The Mayor did proceed to appoint Councillor Moylan to the post. Councillor Moylan ceased to hold the office of Chair of the LLDC as of September 2012.

Concerns have been raised that relevant bodies have not always been made aware of suggestions made during the confirmation hearings process and whether any such suggestion/recommendation had been taken forward. The Assembly has now asked that any issues raised in respect of prospective mayoral appointments during the confirmation process are reported to the appropriate Assembly bodies for follow-up action as deemed necessary.

The confirmation hearing process for the office of Deputy Mayor for Policing and Crime is a matter for the Police and Crime Committee. At its meeting on 31 May 2012, it approved the appointment of Stephen Greenhalgh.

Assembly Committees and plenary meetings

The Assembly's committees play a key role in scrutinising policy areas and delivery in depth and in bringing information into the public domain. For example, following a successful Olympic Games, the Assembly has been concerned with issues of legacy and lessons learned for other major events. So at its meeting on 14 November 2012, the Assembly put questions to Boris Johnson, in his capacity as Chairman of the London Legacy Development Corporation (LLDC), and Dennis Hone, Chief Executive of LLDC. The questions put related to a range of matters, including plans for housing in the Olympic Park; legacy benefits for local communities and London as a whole; and provision for cyclists within the Park.

The Economy Committee did a more detailed examination of a specific issue: ticket sales for the London 2012 Olympic & Paralympic Games. This short investigation followed up recommendations from several reports on this topic prior to the Games. The report, *The Price of Gold*, highlighted the ways in which LOCOG had worked to make the Games accessible, but also noted the extremely high prices and lack of public availability for many popular sessions. The report identified best practice recommendations to be implemented at future sporting events in London, Rio, Sochi and Glasgow. The Committee has asked the relevant bodies for views on how they will implement the recommendations.

The issue of transparency was a consistent theme for the Assembly in 2012/13. For example, the Transport Committee raised a significant transparency issue in relation to TfL. The Independent Investment Programme Advisory Group (IIPAG) is a group of engineers which provides independent assurance and expert advice to the Mayor on value for money issues concerning TfL's investment programme (estimated to be worth £35 billion over ten years). It was established after TfL (and the Secretary of State) took control of the entire Tube upgrade programme following the collapse of the PPP. Currently, the IIPAG reports are not in the public domain. The Committee has on-going concerns that the data held by IIPAG is potentially very valuable to the public but is being withheld. It has lobbied the Mayor to authorise IIPAG to publish its reports including its quarterly benchmarking reports but has as yet seen no progress.

As a result of a range of concerns about transparency across the GLA group, the Assembly's Oversight Committee decided to investigate this issue through rapporteur John Biggs AM. The review looked at what greater transparency would mean in practice; some of the barriers to greater openness; whether organisational cultures within the GLA Group encourage openness; and how decisions are made about what can and cannot be published. It also considered whether more information could be published about contractual agreements with private companies. A key element of the review was a detailed questionnaire sent to each organisation within the GLA Group, aiming to assess and compare transparency arrangements. The responses provide useful comparative information and will be published, along with a summary document, on the Assembly's website.

Corporate governance

In addition to looking at governance issues which directly affect Londoners, the Assembly has a role in commenting on more internal governance matters such as human resources, audit and how the GLA uses data. In 2012/13 this involved:

- **Consultations on decisions about the GLA establishment and Head of Paid Service functions** During 2012/13, the GLA Oversight Committee responded on behalf of the Assembly to consultations from the Head of Paid Service about proposed changes to the GLA staffing establishment. This arrangement 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;
- **Meetings of the Audit Panel** The Audit Panel: raises the profile of internal control, risk management and financial reporting; monitors the effective development of anti-fraud and corruption policies; and provides a forum for the discussion of issues raised by internal and external auditors. During 2012/13, the Audit Panel met four times to receive and comment upon a range of reports falling within its terms of reference. With the exception of one report which received limited assurance, all internal audit reports over the course of the year resulted in either a substantial or adequate level of assurance;
- **Reviewing receipt of gifts and hospitality** Following the enactment of the Localism Act 2011 and the introduction of a new GLA Standards regime in July 2012, the Audit Panel is now additionally responsible for reviewing the receipt of gifts and hospitality and expenses claims by the Mayor, Assembly Members and senior officers, and also receives and considers an annual report regarding the handling of complaints made against GLA Members. The first such report was submitted to the Audit Panel in March 2013;
- **Scrutinising the Code of Statistics** The GLA Oversight Committee received reports and made a number of recommendations on the work to implement a Code of Practice in the Use of Statistics at the GLA. A Code has now been agreed which will have a beneficial impact in terms of maintaining and enhancing openness and transparency in relation to statistics used to inform decisions. However, a key issue for the Assembly is that the code needs to be applied on a GLA Group wide basis which is something that the GLA Oversight Committee will return to in the future; and
- **Revising the governance of TravelWatch** The Assembly is the statutory sponsor of London TravelWatch, the organisation which represents public transport users in London. The Assembly has had to reduce further the budget allocation for London TravelWatch, bringing to some 37% the total reduction over three years. The appointment by the Assembly of a new Board from January 2013 has provided the platform for a review of London TravelWatch's operation as a consumer champion organisation, and the opportunity to refresh the working relationship with the Assembly in order to provide London with efficient and comprehensive representation.

