

Greater London Authority
Annual Governance Statement 2013-14

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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 2014-15 (where appropriate) and will be revisited in the GLA's Annual Governance Statement for 2014-15.

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 (GLA) for the year ended 31 March 2014 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.

3.3 An important aspect of the governance framework within which the GLA operates is the relationship between London government and national government; more specifically the relationship between the GLA and its sponsor department in Whitehall, the Department for Communities and Local Government (DCLG). Helpfully, DCLG has set out how it views that relationship in system terms by issuing in October 2012, through its Accounting Officer, an 'Accountability System Statement for the Greater London Authority'. The Statement was issued with the GLA's endorsement and is available via:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/128876/2238554.pdf

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, social media channels, 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, known as the Business Plan and covering the period from 2014-15 to 2015-16 (i.e. up to the end of the current Mayoral term). The Business Plan sets out the Mayor's priorities in terms of plans for the year in question and makes clear who is accountable for what. It is publicised to staff on the Intranet, and externally to stakeholders and the public on the Internet. The work of the Assembly Secretariat is 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. Project reporting is on a monthly basis to the Mayor's Investment and Performance Board (IPB).
- 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 new functions devolved to the GLA. More details are included in Section 4.
- 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 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

- 3.14 The GLA's Monitoring Officer oversees the Authority's code of conduct for elected Members. The Monitoring Officer seeks to be fully transparent in the conduct of his work by: publishing all decisions made on complaints received during 2013-14, 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 11 of the 20 March 2014 meeting of the Assembly's Audit Panel:
- <http://www.london.gov.uk/moderngov/documents/s34652/Annual%20Report%20of%20the%20Monitoring%20Officer%20Regarding%20Complaints%20about%20Elected%20Members.pdf>
- 3.15 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

- 3.16 The GLA's key corporate governance documents are reviewed periodically. Reviews concluded during 2013-14 included those to the:
- Mayoral Scheme of Delegation;
 - Financial Regulations;
 - Contracts & Funding Code; and
 - Expenses & Benefits Framework.
- 3.17 Further details of the changes to these key governance documents are included in section 4.
- 3.18 On risk management, Audit undertook a follow-up review in 2013-14. 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)

- 3.19 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 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 stewardship 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 treasury management, 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 and Head of Governance & Resilience are responsible for ensuring that appropriate professional advice on finance and legal matters is available and properly recorded.
- 3.22 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.
- 3.23 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

- 3.24 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. Internal audit undertakes analysis of areas likely to be susceptible to fraud and provides support to managers in investigating allegations of fraud, theft or impropriety. 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 of the latter, the GLA has entered into a new 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.
- 3.26 The GLA has 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

- 3.27 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. On line corporate governance training continues to be available to all staff and is refreshed regularly 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

- 3.29 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 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.

- 3.32 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 also has 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 The GLA has three principal groups of partners or stakeholders:
- The company it has established – GLA Land and Property (GLAP) – to manage its land and property transactions and the Mayoral Development Corporations (MDCs) it has created in accordance with the provisions of the Localism Act;
 - The other (non-MDC) functional bodies; and
 - Partnership working with London boroughs and other key public sector and business stakeholders across London.
- 3.35 On GLAP, a company wholly owned by the GLA, the company's activities have been fully integrated into the Mayor's Scheme of Delegation for the GLA and regular board meetings are held to ensure compliance with company law. The GLA is not aware of any governance issues arising in relation to GLAP. On MDCs, there is one MDC currently in operation, the London Legacy Development Corporation (LLDC), and one which has been proposed for Old Oak Common. In terms of the LLDC, the GLA has set out a formal governance relationship with the LLDC which has been signed off by the Mayor and has focused on ensuring that there is strong joint working on financial issues.
- 3.36 On the other (non-MDC) functional bodies, there are a series of arrangements in place, mainly defined by legislation and differing slightly according to each organisation – Transport for London (TfL), the Mayor's Office for Policing and Crime (MOPAC) and the London Fire and Emergency Planning Authority (LFEPA). In the case of LFEPA, the Mayor has asked the Department for Communities and Local Government (DCLG) to introduce reforms so as to bring LFEPA more into the fold of Mayoral bodies. The Department has undertaken a consultation exercise on the Mayor's proposed reforms.
- 3.37 The other partnerships in place (i.e. boroughs, business, others) vary tremendously in role, size and resourcing. Oversight of these partnerships is at team level.

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 2013-14, the review focused on five areas:

- Assurance ratings arising from internal audit reviews;
- Risk management;
- Anti-fraud activities;
- Revised Mayoral Scheme of Delegation; and
- Directions issued to functional bodies.

Assurance ratings arising from internal audit reviews

4.2 Appendix A sets out the audit assurance ratings which the GLA has received during the course of 2013-14. Only two 'limited' assurance ratings were received:

- Mayor's Mentoring Programme; and
- Estate Strategy and Management of Assets

4.3 In respect of the latter, a follow up report considered at the July 2014 Audit Panel received an 'adequate' assurance rating. Of the nine original recommendations, Internal Audit judged that six of the recommendations had been fully implemented and three partly implemented – none of which were rated 'critical' (priority 1). Officers will ensure the recommendations are fully implemented.

4.4 Seven recommendations were made in respect of the Mayor's Mentoring Programme. None were rated 'critical' (priority 1). The management response set out the actions officers were progressing to address the points raised.

4.5 Internal Audit's Annual Opinion for 2013-14 states that "the GLA has an effective internal control environment which is supported by an improving risk management framework with a risk appetite statement setting out the acceptable level of risk taking."

Risk management

- 4.6 The GLA's approach to risk management is described in its Risk Management Framework (RMF), most recently refreshed and publicised to staff in January 2014. The RMF helps the GLA realise the benefits of risk management by:
- Communicating the value derived from, and the importance the GLA places on, effective risk management;
 - Setting out ten principles to underpin the GLA's approach to risk management;
 - Highlighting the practices and mechanisms that are at the core of the GLA's risk management framework;
 - Being clear about what the GLA expects of its staff – their roles and responsibilities – in managing risk; and
 - Providing practical guidance, grounded in best practice, for staff to follow.
- 4.7 The RMF identifies four specific levels, or perspectives, as a focus for GLA risk management: corporate risks; programme risks; project risks and risks associated with decision-making.
- 4.8 Mechanisms are embedded to monitor risk at all these levels. In the year, the Corporate Risk Register – concerned primarily with corporate and programme risks – was updated twice and considered by the Corporate Management Team, the Investment and Performance Board and Audit Panel. Project risk was captured and reported as part of regular reports to the Investment and Performance Board; and assessed at the project initiation stage. Risks associated with decisions were outlined on the related decision form. These corporate mechanisms were supplemented by processes at the departmental level.
- 4.9 At the time of the most recent update to the corporate risk register (March 2014), there were 15 corporate risks. The three most serious risks were:
- Air quality: EU policy such that London is at risk of penalties arising from EU infraction processes;
 - Funding constraints: Government grant and other external funding falls, placing significant constraints on the GLA's budget that cannot be managed without impacting on services and Mayoral priorities; and
 - GLA budget setting: The unique process for setting the GLA Group /GLA budgets – involving the Mayor, Assembly and functional bodies – creates complexity that means statutory requirements are not fulfilled, scrutiny is inadequate and budgetary priorities are not adequately reflected; these risks are mitigated by a well-established and transparent year-round approach to budget setting undertaken collaboratively with the functional bodies.
- 4.10 A follow-up review of the GLA's Risk Management Framework was reported to Audit Panel in December 2013. It provided an adequate audit assurance rating. The report noted that five of the six recommendations from the preceding review had been fully implemented with one partially implemented and with further work planned. That recommendation concerned considering the adoption of a risk maturity model. An assessment of the GLA's position against the model will be reported to the Audit Panel in 2014-15.

Anti-fraud activities

- 4.11 The GLA continues to place a high priority on its anti-fraud work. In 2013-14 there were no attempted frauds. Officers are working with internal audit to identify areas which have the highest potential for fraud so that suitable preventative action can be taken. The initial results were reported to the March 2014 meeting of the Audit Panel. Further work will be conducted in the following areas:
- Use of corporate credits cards;
 - Grants issued by the GLA; and
 - Receipt of gifts and hospitality.

Internal audit will also be providing support to the biennial National Fraud Initiative in 2014-15 which is an exercise run by the Audit Commission that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Key governance documents

- 4.12 At the beginning of each year financial year, the following GLA documents are revised:
- The Mayoral Scheme of Delegation;
 - The Financial Regulations; and
 - The Contracts & Funding Code.
- 4.13 The Expenses & Benefits Framework is also subject to regular review. Further details of the changes made in each case are provided at Appendix D.
- 4.14 As a related development, and to ensure that the GLA follows best practice, it was agreed that, from 1 June 2014, equalities implications would be included in all GLA decision forms (DAR, ADD, DD, MD and GLRO approval forms).

Directions issued to functional bodies

- 4.15 Good GLA governance involves full transparency over any directions issued to the GLA's functional bodies. The GLA is careful to issue directions only when it is appropriate to do so. All directions are published on the GLA website as part of the routine publication of all Mayoral decision forms.
- 4.16 Appendix B summarises the Mayoral directions issued to functional bodies in 2013-14. Nine were issued to Transport for London (TfL), one to the London Legacy Development Corporation (LLDC) and one to the London Fire and Emergency Planning Authority (LFEPA).

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 2013-14.

6. Governance challenges

6.1 Governance challenges centre on:

- Continued resource pressures arising from the constrained funding environment;
 - The GLA has yet to receive a full financial settlement from Government for the period 2015-16 and beyond
 - The GLA's exposure to the risks arising from the financial standing of its functional bodies, particularly the LLDC – in the case of the LLDC, action has been taken to ensure that financial and business plans are aligned between the GLA and the LLDC as far as possible, including a ten year budget profile for the LLDC and a degree of GLA oversight of LLDC financial and governance arrangements
- Monitoring a suite of 130 major GLA projects which cut across a wide variety of subject areas and account for £100m of revenue spend and £1.7bn of capital spend in 2014-15:
 - The GLA's Investment and Performance Board (IPB) takes an active role in ensuring value for money is achieved, proper governance arrangements are in place and areas of underperformance are challenged
 - Key performance indicators and Mayoral commitments are also tracked to identify, and take action, on any areas of underperformance; and
- Maintaining a large amount of data on the GLA website and ensuring that it remains timely, accurate and easily accessible, particularly in the period a newly designed website is developed and goes live in mid-2015.

7. Disclosure

- 7.1 No significant developments or events relating to the governance system have occurred between the end of the 2013-14 financial year and the signing off of the Authority's financial statements in September 2014.



Boris Johnson
Mayor of London

Date: September 2014



Jeff Jacobs
Head of Paid Service

Date: September 2014

Appendix A: Internal audit assurance ratings in 2013-14

Risk and Assurance Reviews

Audit Title	Rating
Decision Making Framework – Mayoral and Directorate	Substantial
Housing Programmes – Affordable Housing	Substantial
General Ledger – Control Framework	Substantial
Precepting Control Framework	Substantial
Regeneration Funding Control Framework	Substantial
ICT Incident and Problem Management	Substantial
Desktop Management	Substantial
Network/Internet Security	Substantial
GLA Recruitment Control Framework	Substantial
Performance Management Framework	Adequate
Housing Programmes – Decent Homes	Adequate
Housing Grants - Monitoring and Control Framework	Adequate
Energy and Environmental Policy Development and Implementation	Adequate
London Plan and Implementation	Adequate
Mayors Economic Development Strategy	Adequate
Financial Control Framework	Adequate
Debtors Control	Adequate
Sickness Monitoring and Control/Attendance Management	Adequate
ICT Procurement	Adequate
Mayor's Mentoring Programme	Limited
Estate Strategy and Management of Assets	Limited

Follow Up Reviews

Audit Title	Rating
Facilities Management	Substantial
2012 Employment and Skills Legacy Programme	Substantial
Creditor Payments	Substantial
Payroll	Substantial
Members Allowances and Expenses Control Framework	Substantial
Gifts and Hospitality	Adequate
Capital Programme Monitoring and Control	Adequate
Use of Agency Staffing and Consultants	Adequate
Treasury Management	Adequate
External Grants Control Framework	Adequate
Risk Management	Adequate
External Grant Funding - European Programmes	Adequate
Contract Monitoring - Follow up	Adequate
Cheque Handling	Adequate
Debtors Control	Adequate

Appendix B: Mayoral directions issued to the GLA's functional bodies in 2013-14

MD no.	Issue	Body	Date	Decision
1185	Schools fare for the Emirates Air Line	TfL	24/04/13	<ol style="list-style-type: none"> 1. Approve the proposed additional TfL fare for school groups for the Emirates Air Line, which is scheduled to commence on 1 May 2013. 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.
1227	London Legacy Development Corporation Governance Direction	LLDC	02/07/13	<ol style="list-style-type: none"> 1. To approve the London Legacy Development Corporation Governance Direction 2013 attached at Appendix A pursuant to section 220 of the Localism Act 2011. 2. To note that the Executive Director of Housing and Land or such other specified Senior Member of GLA staff authorised under the Mayoral Scheme of Delegation (as approved by MD1166 and as amended from time to time) are authorised to discharge and exercise the Mayor's function under the Direction.
1232	Team London Volunteers, Oyster Card for free travel	TfL	02/07/13	<ol style="list-style-type: none"> 1. Approve the attached Instrument of Direction and Delegation, which: 2. Direct TfL to provide 900 Oyster cards to enable the Team London volunteers and managers to travel for free on the TfL Network and National Rail (where the Train Operating Companies accept Oyster) to their training day and volunteering at assigned venues during the period of 1 July to 9 September. 3. Delegate to TfL the necessary powers to deliver the proposals specified in the Direction. 4. Approve the attached letter, which consents to GLA providing a £12,500 grant to TfL pursuant to section 121 of the Greater London Authority Act 1999. The grant will reimburse TfL for the cost of National Rail journeys taken using the Team London Oyster cards.
1238	LFEPA Safety Plan	LFEPA	02/08/13	Direct LFEPA in relation to its Fifth London Safety Plan 2013-2016 in the form attached at Appendix G to this decision form.
1248	Temple to South Bank Footbridge Development Proposals	TfL	27/08/13	<ol style="list-style-type: none"> 1. Delegate to TfL the exercise of the Mayor's powers under sections 30 and 34 of the Greater London Authority Act 1999 to further the promotion of social development and the environment in Greater London and to do such things calculated to facilitate, or is conducive to, that purpose by undertaking activities to develop and help enable the footbridge project. 2. Direct TfL to use the powers as noted above and to make budgetary provision in that regard.
1225	Armed Forces Travel Concession	TfL	29/08/13	<ol style="list-style-type: none"> 1. Approve the proposed provision of free travel on TfL services for current members of the UK regular and reserve Armed Forces whilst in uniform. 2. Delegate to TfL the power to make this concession and direct TfL to provide it, in accordance with the attached Direction.

1278	London Poppy Day 2013	TfL	31/10/13	<p>1. Delegate to Transport for London 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 Greater London and do such things as may be considered facilitative and conducive to that purpose in order that it may undertake certain activities (including wrapping a Circle line tube train, an Overground train, a Metropolitan line train, a Croydon Tramtrack tram and up to ten buses with poppy livery, displaying poppies on all tube, DLR and Overground trains, placing advertisements and making announcements to recognise the invaluable contribution of service men and women in London have made to the protection of Greater London and its inhabitants.</p> <p>2. Direct TfL to procure and incur up to £101,000 wrapping a Circle line tube train, an Overground train, a Metropolitan line train, a Croydon Tramtrack tram and up to ten buses with poppy livery, displaying poppies on all tube, DLR and Overground trains, placing advertisements and making announcements and related activities for the period between 26 October and 11 November 2013.</p>
1243	Fares TfL 2014	TfL	02/12/13	Approve the proposed revisions to TfL fares to be implemented from 2 January 2014 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.
1299	Fares 2014 revised	TfL	19/12/13	<p>1. Approve the proposed revisions to TfL fares to be implemented from 19 January 2014 as set out below.</p> <p>2. Sign the attached Direction to TfL issued pursuant to the power in section 155 (1)(c) of the Greater London Authority Act 1999 to:</p> <p>(a) Implement these fares from 19 January 2014; and</p> <p>(b) Revoke the Direction in MD1243 issued on 2 December in relation to January 2014 Fare Changes with immediate effect.</p>
1310	Removal of cash payment on TfL's Bus Services	TfL	30/01/14	<p>1. Approve the removal of payment by cash on TfL's bus services in summer 2014.</p> <p>2. Direct TfL under section 155(1) of the Greater London Authority Act 1999 to remove the cash fare on TfL bus services, subject to TfL confirming to the Mayor in writing that the key mitigation measures set out in this MD are in place.</p>
1334	Direction to TfL on Aviation	TfL	09/04/14	<p>1. Extend until 30 September 2015 the Direction given to Transport for London (TfL) on 13 May 2011 (MD806, as amended by MD1037 and MD1080) under section 155(1)(c) of the Greater London Authority Act 1999 ('the GLA Act'). This Amended Direction (attached as Annex 1) will be reviewed on or around 30 September 2015.</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 Amended Direction in accordance with the terms of the annexed delegation.</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>

Appendix C: Governance and related issues raised by the Assembly

Responses to statutory consultations

Strategies and plans

The Mayor is statutorily obliged to consult the Assembly on key strategies, his draft budget and in relation to key internal issues such as the appointment to key roles.

Under Section 42B of the Greater London Authority Act 1999 (as amended) the Mayor must lay before the London Assembly any strategies or draft revisions to the strategies set out Section 41 of that Act. Under the provisions of Section 42 of the Greater London Authority Act 1999 (as amended), the Assembly has the power to consider and potentially reject draft strategies within 21 days of their publication, including the date the draft strategy is laid before the Assembly. During 2013/14 the Assembly considered two such strategies:

- On 3 September 2013, the Assembly considered the Revised Early Minor Alterations to the London Plan; and
- On 2 April 2014, the Assembly considered the Mayor's Draft Housing Strategy.

In both cases the Assembly agreed motions to reject the alterations and strategy but those motions only attracted a simple majority of votes cast in their favour and not the two-thirds majority required under Standing Order 3.19F formally to reject the draft Strategy. The motions therefore represented the Assembly's comments on the strategies.

At its meeting on 5 June 2013, following the publication of the Finance Commission's report Raising the Capital the Assembly put questions to Professor Tony Travers, Chair of the London Finance Commission on the benefits of allowing local and regional government to make greater use of prudential borrowing to finance capital investment; the measures that could be implemented quickly without legislative changes; taking forward the recommendations of the report; and whether a tax on windfall gains to land and property owners arising from the building of transport infrastructure could help pay for the transport infrastructure.

At its meeting on 6 November 2013, the Assembly had an interim debate on the Communities and Local Government (Select) Committee's report Post-legislative scrutiny of the Greater London Authority Act 2007 and the London Assembly. Following the discussion the Assembly agreed that a detailed view on the recommendations contained in the report would be debated and agreed at the Assembly (Plenary) meeting on 15 January 2014. Clive Betts MP, the Chair of the Communities and Local Government Select Committee attended the Assembly's 15 January meeting to answer Members' questions on the report.

The former Chair of the Assembly, Darren Johnson AM, following consultation with party Group Leaders, agreed a response to the Mayor's consultation on his proposed petition to Parliament against the High Speed 2 Rail (London – West Midlands) Hybrid Bill.

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.

Improving transparency and governance: 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. So at its meeting on 15 January 2014, the Assembly put questions to Boris Johnson, in his capacity as Chairman of the London Legacy Development Corporation (LLDC), Neale Coleman, Deputy Chairman of the LLDC, and Dennis Hone, Chief Executive of LLDC. The questions put related to a range of matters, including whether the additional funding provided by the Mayor to the LLDC would be sufficient to enable the creation of a thriving Olympic Park; whether the Chobham Manor site would be a community-led development through a Community Land Trust; the number of homes that would be built in each of the five new neighbourhoods being created across the former Olympic site; and whether the LLDC's budget settlements would be sufficient to enable it to realise its housing and built environment, economic development and employment, transport, and public realm regeneration goals.

Corporate governance

In June 2013, the Assembly published the rapporteur's report of John Biggs AM on Transparency in the GLA which, whilst commending the Mayor for increasing the amount of information made public by the GLA, called for a more open and consistent approach to across all its organisations. The report identified the need for a change of culture across the GLA Group, shifting from a presumption that minimal levels of information will be released to meet legal requirements to one where as much information as possible is published at the earliest opportunity.

In July 2013, the Budget Monitoring Sub-Committee put questions to Sir Edward Lister, in his capacity as Mayor's Chief of Staff and Chair of the Investment & Performance Board, and to the Assistant Director, London Engagement, on decisions around the funding of the 2012 New Year's Eve fireworks. The GLA had decided to increase its funding for the New Year's Eve fireworks display on 31 December 2012 from £1.45 million to £2 million when, at short notice, the event producer informed the GLA that it was unable to fulfil its commercial requirements because its main sponsor had pulled out.

In January 2014, the London Assembly's Environment Committee, following its investigation, convinced the Mayor that an update of the Mayoral Biodiversity Strategy would be necessary to reflect changes in policy and thinking since it was published 11 years ago. The Mayor consequently proposed preparing and publishing a supplement to the Biodiversity Strategy in partnership with those key stakeholders who had participated in the London Assembly investigation.

In December and March, the GLA Oversight Committee invited the chairman of the London Pension Fund Authority (LPFA) to two discussions about a range of governance issues. At those sessions, Assembly Members highlighted the potential conflict of interest associated with so-called co-investment, where individual board members could seek to make personal gain by recommending the purchase by the LPFA of shares in an entity that they (or a related party) already hold shares in; or after the LPFA has chosen to invest in entity, personally (or through a related party) purchase shares in the same entity. The Committee received assurance that this practice was not taking place at LPFA. Also discussed, in the March meeting, was LPFA's conflict of interest policy with the committee making suggestions for improvements around declarations of interest and the disclosure of expenses.

In March 2013, the Police and Crime Committee published its response to the consultation on the Mayor's Police and Crime Plan 2013-2016. The Plan set the Mayor's priorities for policing in London and the Committee is a statutory consultee. In February 2014, the Committee considered a detailed report setting out the progress made against the Mayor's policing and crime objectives, as set out in the Plan.

Appendix D: Changes to key corporate governance documents

The Mayoral Scheme of Delegation

The following changes were made to the Mayoral Scheme of Delegation from 1 June 2014:

- The financial decision-making thresholds were revised so that:
 - Delegated Authority Record (DAR) for up to £10,000 (previously £5,000)
 - Assistant Director decision form (ADD) for up to £50,000 (unchanged)
 - Director decision form (DD) for up to £150,000 (previously £125,000)
 - Mayoral decision form (MD) for over £150,000 (previously £125,000);
- The Head of Government & EU Relations and the International Relations Manager were specified as senior managers following the change in their reporting line;
- As requested by Internal Audit, an explicit reference was made to arrangements which apply when senior officers are on leave;
- Consequential changes were made to ensure consistency with the other key governance documents; and
- There were some minor drafting changes.

The Financial Regulations

The following changes were made to the Financial Regulations from 1 June 2014:

- There was a clarification of roles and responsibilities following the finance team restructuring;
- Consequential changes were made to ensure consistency with the other key governance documents; and
- There were some minor drafting changes.

The Contracts & Funding Code

The following changes were made to the Contracts & Funding Code from 1 June 2014:

- The procurement thresholds for goods and services were revised so that:
 - Up to £10,000 (previously £5,000): secure value for money (either through a single supplier or via a competitive process)
 - Up to £150,000 (previously £125,000): formal tender process
 - Over £150,000 (previously £125,000): OJEU compliant process;
- Consequential changes were made to ensure consistency with the other key governance documents; and
- There were some minor drafting changes.

The Expenses & Benefits Framework

The following changes were made to the Expenses & Benefits Framework from 1 June 2014:

- GLA air travel arrangements were revised from the former position of all air travel being economy class to:
 - Up to 3 hours – economy class
 - 3 to 6 hours – premium economy or equivalent
 - Over 6 hours – business class;
- A new initiative was included whereby staff will be able to access an interest free loan to assist them with paying deposits for rented accommodation known as a ‘tenancy loan’;
- An extension of the interest-free loans available to staff to include gym membership was included as this would be of benefit where there is a discount available for those paying annual membership fees in one lump sum;
- A clarification of roles and responsibilities following the finance team restructuring was added;
- Consequential changes were made to ensure consistency with the other key governance documents; and
- There were some minor drafting changes.