

Greater London Authority
Annual Governance Statement 2017-18
Final, July 2018

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1. The GLA's governance responsibilities

- 1.1. The Greater London Authority (GLA) is responsible for ensuring that its business is conducted in accordance with the law and proper standards; and that public money is safeguarded, 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 and for facilitating the effective exercise of its functions, including arrangements for managing risk.
- 1.3. The GLA has a corporate governance framework consistent with the principles of the 2016 CIPFA/SOLACE framework Delivering Good Governance in Local Government and its associated guidance. This Annual Governance Statement (AGS or 'Statement') has been prepared with reference to that framework and meets the statutory requirements to publish such a statement. It summarises and reviews the efficacy of the GLA's arrangements to support good governance as they existed during 2017-18. It also describes the most significant work undertaken in the year to strengthen governance at the GLA and notes issues arising.
- 1.4. Responsibility for ensuring the GLA maintains a sound system of governance, incorporating the system of control, rests, ultimately, with the Mayor. He is supported in that regard by the GLA's Statutory Officers – the Head of Paid Service (HOPS) (Chief Officer), Chief Financial Officer (Executive Director of Resources) and Monitoring Officer – who each have particular and distinct responsibilities in law. The GLA takes the view, however, that good governance is everyone's responsibility; from the Mayor down to the Corporate and wider Senior Management Team and indeed all staff. The Assistant Director of Finance and Governance and his team do, however, have particular day-to-day responsibilities for designing, implementing and monitoring the GLA's governance arrangements.
- 1.5. This AGS has been prepared by Finance and Governance officers drawing on a wide range of input to ensure it captures different perspectives, including:
 - the Statutory Officers and a range of other senior officers
 - Internal Audit
 - the London Assembly SecretariatThe Statement incorporates changes suggested by External Audit and the London Assembly was asked to comment on a draft.
- 1.6. Although the focus is naturally on 2017-18, this AGS also reflects on developments between the end of that financial year and the end of July 2018, where pertinent.

2. The purpose of the governance framework

- 2.1. The GLA's governance framework comprises the systems and processes, culture and values by which the organisation is directed and controlled as well as the activities through which it accounts to, engages with and leads the community. It ensures the GLA directs its resources towards its priorities and in accordance with its policies; that there is sound and inclusive decision making; and that there is clear accountability – so as to achieve sustainable outcomes for London and Londoners.
- 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 failure to achieve 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 and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

3. The GLA's 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 – the bodies with which the GLA works have their own governance statements – the GLA's work cannot be viewed in isolation. That is particularly the case in respect 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 advisors
 - the London Assembly
 - the functional bodies and their boards
 - the officers of the GLA and the functional bodies
 - London's local authorities 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 and makes decisions on behalf of the GLA, and the London Assembly, which has a scrutiny role and reviews Mayoral policy and decisions. 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 Ministry of Housing, Communities & Local Government. MHCLG has set out how it views the systems governing that relationship 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:
www.gov.uk/government/publications/accountability-system-statement-for-the-greater-london-authority
- 3.4. The governance documents referred to in this statement can be found in the governance and spending section of the GLA's website.

Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively

- 3.5. The GLA (the Mayor and Assembly acting jointly) has established a standards regime, under the provisions of the Localism Act 2011, which has been in operation in its current form since 1 July 2012. Within the regime, complaint-related functions are delegated to the GLA's Monitoring Officer whose role it is also to oversee the GLA's Code of Conduct for Elected Members. In addition to handling complaints, the Monitoring Officer is responsible for the framework governing the registration and disclosure of interests and of gifts and hospitality and for providing related advice. The framework operated effectively in 2017-18 and continues to be a high-profile and well-understood element of the GLA's governance arrangements.
- 3.6. The Code of Conduct for Elected Members was updated in 2017-18. The Code now explicitly addresses sexual harassment. Other more minor changes were made to ensure the Code is easier to understand and up-to-date and it now makes reference to the Bribery Act 2010.
- 3.7. The GLA's Protocol for Mayoral Appointments sets down the process by which Mayoral appointments are made. The Protocol has recently been reviewed and the refreshed document was due to be adopted at the time this Statement was being finalised.
- 3.8. The GLA 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 features prominently in formal induction processes.
- 3.9. The Monitoring Officer takes the lead, working with the GLA's other Statutory Officers, to ensure proper use of the Authority's resources; that includes keeping under review related guidance. The Statutory Officers issued revised Use of Resources guidance in April 2017. There was a particular focus on two pre-election periods: for 8 June 2017 General Election and 3 May 2018 London borough council elections. The Monitoring Officer

reinforced to staff the key messages for the pre-election periods; there were clear communications about the dates on which the pre-election periods began, advice in response to specific queries and close monitoring of the GLA's proposed publicity.

- 3.10. Counsel advice was sought on the interpretation of the pre-election rules ahead of the borough council elections. This confirmed the GLA's Use of Resources guidance is valid in this area; but it did also highlight that a more tailored approach could be adopted by the GLA to the pre-election period, depending on the type of election in question. This will be factored into a refreshed guidance document, to be published ahead of the next GLA elections.
- 3.11. The GLA has a documented public complaints procedure, which also sets standards for responding to any complaints. Complaints are recorded by the Public Liaison Unit and that process includes recording which officer is responsible for handling the complaint and the timeliness of individual responses. Complaints statistics are reported publicly to the GLA Oversight Committee on a six-monthly basis.
- 3.12. The GLA's Whistleblowing Policy is readily available to staff and the public at large. It explains how to blow the whistle – including via a confidential and externally operated phone line and an internet form – and sets down the process to be followed once an issue has been raised. A refreshed policy was signed off in July 2017 and promoted to staff, focussing on the routes for and the importance of whistleblowing. A further minor amendment was made in February 2018 to incorporate reporting arrangements for London's Local Enterprise Partnership (the LEAP – London Economic Action Partnership).
- 3.13. There were no instances of whistleblowing in 2017/18. One instance of whistleblowing had occurred in 2018/19 at the point this statement was finalised.

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

- 3.14. The GLA's decision-making framework requires and promotes compliance with relevant laws, internal policies and procedures.
- 3.15. The GLA's legal function is provided by Transport for London (TfL) through a shared service agreement. TfL Legal helps the GLA to identify changes in law that may affect the GLA and/or where the GLA is undertaking new activities that may have legal implications not previously encountered.
- 3.16. Internal Audit's risk based programme of audit work aims to provide assurance on both the effectiveness of the management of risks to the achievement of agreed objectives and on compliance with GLA policies and procedures and externally arising regulations and the law.
- 3.17. In 2017-18 Internal Audit undertook a follow-up review of the GLA's policy development, implementation and review framework. The review found there was substantial assurance

– up from the adequate rating of the initial review. This reflected ongoing work to maintain an accurate register of GLA policies and ensure each includes information about ownership, review dates and similar.

- 3.18. The Monitoring Officer is considering the position relating to public attendance at meetings during pre-election periods. This in the context of meetings to discuss knife crime held during the pre-election period for the 2018 London borough elections.
- 3.19. Revised versions of the Expenses and Benefits Framework, Financial Regulations, the Contracts and Funding Code and the Mayoral Scheme of Delegation (now 'Mayoral Decision-Making in the GLA') all came into effect early in 2017-18. Each now benefits from an improved and more consistent layout, a strengthened statement about the importance the GLA places on good governance, streamlining, and updates to certain details – and all are now consistent with each other and include meta-data.
- 3.20. The GLA's governance e-learning module is another way the Authority ensures compliance with relevant laws and regulations and internal policies and procedures. The module is mandatory for all new starters and will continue to be subject to ongoing updates over the coming year; for example, to reflect the introduction of the General Data Protection Regulation.

Documenting a commitment to openness and acting in the public interest

- 3.21. The GLA recognises transparency and openness are integral to not only complying with laws, regulations and internal policies; but also to delivering sustainable outcomes for Londoners. The GLA has, therefore, published a commitment to openness and transparency. Its guiding principle is that all information should be accessible unless: one or more of the exemptions set out in the Freedom of Information Act 2000 or Environment Information Regulations 2004 (EIR) applies; or publication would be prohibitively costly.
- 3.22. The 'Governance and spending' section of london.gov.uk serves as a transparency portal making readily accessible a host of governance and other information, meeting and going beyond the requirements in the Local Government Transparency Code. Information is also published in the Mayor's Annual Report and allows for comparison of GLA Group bodies.
- 3.23. Interests, gifts and hospitality are published for the Mayor, Assembly Members, Mayoral Advisors and senior GLA officers. Expenses are reported also, with a report to each meeting of the GLA's Audit Panel. Salary data are published together with a GLA organogram and details of senior officer responsibilities. This staffing information will be reviewed and refreshed in 2018-19 to ensure it is current.
- 3.24. All payments over £250 are published on the GLA's website along with Mayoral, Director and Assistant Director decision forms.
- 3.25. The award winning London Datastore makes available a variety of city data and has 47,000 users per month.

- 3.26. The GLA places a priority on responding promptly and comprehensively to Freedom of Information requests. A significantly higher number of requests were received in 2016-17 than any previous year. Performance, however, remains good: 90 per cent of requests were responded to within 20 working days (or a permitted extension).
- 3.27. The current Mayor, shortly after being elected, identified a number of areas for focussed reviews, looking at past decisions and processes, identifying risks and also bringing greater transparency to these areas. That included a review of the past decision-making associated with London Stadium, which concluded in 2017-18. The learning from these reviews is now being embedded.
- 3.28. The GLA Group's Corporate Governance Framework Agreement is based on the seven Nolan principles for standards in public life. These feature prominently in the GLA's core corporate governance documents, the e-learning module and in messaging to staff.

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 law on his statutory strategies and budget proposals, and consultation undertaken during the development of other programmes and plans, the Mayoralty 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. Both the State of London Debate and People's Question Time are now broadcast live via the internet.
- 3.31. Talk London is an inclusive, vibrant online community of 42,000 people created by the GLA to place Londoners at the centre of its strategies and programmes by involving them in meaningful research, debate and consultation about how to improve the capital. This year, Talk London was integrated into the main GLA website to make the community more discoverable – it has become one of the most visited sections of the website. In the course of consulting on the Mayor's statutory strategies, the GLA received responses from more than 12,000 Londoners. Additionally, these strategies have benefited from first-class research to ensure the Authority understands the opinions and behaviours that make for impactful policy-making.
- 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 and meets accessibility standards. The GLA's communications activity covers a

wide range of traditional and digital channels, thereby broadening its reach. The GLA's digital channels continue to see an increase in levels of engagement and audience size.

- 3.33. The GLA also has well-developed arrangements and standards for dealing with and monitoring Mayoral correspondence. The public can contact City Hall by telephone, letter and email via the Public Liaison Unit. A new correspondence system is being procured to support a further increase in service standards.
- 3.34. 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.

Developing and communicating a vision which specifies intended outcomes for citizens and services users and is used as a basis for planning

- 3.35. The Mayor identifies and communicates his vision and intended outcomes for Londoners and service users through statutory and non-statutory strategies, programmes and project plans. These are informed by both ongoing and specific consultation exercises. The GLA uses a number of avenues to publicise and hear the public's views on its strategies and plans, including: its website and social media channels; its Talk London platform (see paragraph 3.31); press briefings and press releases; and meetings with stakeholders and agents.
- 3.36. 2017-18 saw significant progress in the development of the Mayor's suite of strategies, setting out his long-term objectives for the city across different policy areas. This followed the publication of the Mayor's 'Vision for All Londoners' document in 2016. The Mayor's Environment, Housing and Transport strategies were published in draft, subject to a thorough consultation and have now been finalised. Consultation has closed on the Economic Development Strategy and is currently open for the Culture Strategy. The New London Plan will undergo its examination in public later this year, ahead of publication in winter 2019/20.
- 3.37. Significant effort has been taken to ensure each strategy is supported by a thorough evidence base. Integrated Impact Assessments help make clear how equalities, health, sustainability, climate change and community safety will be affected by the policies in question. Consultation exercises have been designed to ensure maximum reach. For example, the draft Environment Strategy received public responses via online discussion threads, surveys, email, focus groups, interviews, representative polling and events. Some 2,900 Talk London members completed 5,400 surveys. Close to 400 technical stakeholder responses were also received. The transport strategy used video and an Easy Read version to make it more accessible.
- 3.38. A Strategy Coordination Group has ensured the strategies speak to each other and are mutually supporting.

- 3.39. The Mayor has also developed and published a (non-statutory) Diversity and Inclusion Strategy. Its 39 equality, diversity and inclusion objectives establish a framework for change over the next four years to create a truly inclusive London. Progress will be reported annually. In addition, the Mayor published the GLA's first ever Social Integration Strategy, which reflected his view that a socially integrated city is a healthier, fairer and safer city.

Translating this vision into courses of action for the authority, its partnerships and collaborations

- 3.40. The GLA Group-wide budget setting process, which is subject to scrutiny by the Assembly as well as consultations with stakeholders, seeks to ensure there are sound medium and longer-term financial plans within which Mayoral priorities and objectives are adequately funded – while recognising areas of risk and uncertainty will inevitably exist.
- 3.41. In addition, all significant decisions (see paragraph 3.46) must be explicitly linked back to the Mayor's priorities and/or strategies. This ensures the strategies, their objectives and implementation plans provide a framework for action.
- 3.42. The GLA's new performance management approach, launched during 2017-18 for five priority themes, sets high-level outcomes for each. These link to the Mayor's strategies and help frame both commissioning and monitoring to support the translation of vision into reality.
- 3.43. The London Enterprise Panel – known as the London Economic Action Partnership (LEAP) – is one of the GLA's most significant partnerships. In March the partnership was subject to a government deep dive of its governance and transparency arrangements. The LEAP scored well across the government's six criteria, with five 'good' ratings and one 'exceptional'.

Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and the robustness of data quality

- 3.44. The Mayoral Scheme of Delegation was reissued at the start of 2017-18 after a thorough review. Changes included:
- the flow of the document and the mechanics of some of the delegations was altered to make it simpler to follow
 - it is now more explicit that in the normal order of things, and with the exception of some spending decisions in defined programmes, delegations are not expected to be given outside the auspices of the document
 - the section on permissions to staff was clarified and reinforced as a 'General Staff Authorisation'

- a new delegation was put in place to ensure timely and efficient responses are issued to consultations with the Mayor on local development documents
 - the pre-existing Affordable Homes Delegation was caveated to ensure complex and/or bespoke proposals require a Decision Form
 - a new section was added on the Mayor's role vis-à-vis the functional bodies
- 3.45. The decision thresholds for non-routine expenditure remain the same:
- Delegated Authority Record (DAR) for spending up to £10,000
 - Assistant Director decision form (ADD) for up to £50,000
 - Director decision form (DD) for up to £150,000
 - Mayoral decision form (MD) for over £150,000
- 3.46. Decision Form templates mandate that legal and financial advice are included; and also that equalities implications, risks and links to the Mayor's vision are set out. The template is currently being reviewed to determine how best to ensure decisions take into account other factors. Updated guidance will bring more consistency to the consideration of equalities implications, linked to the Public Sector Equality Duty.
- 3.47. Having been established in 2016-17, the Corporate Investment Board (CIB) – an informal advisory board – is now fully embedded and adding value to the GLA's decision-making and wider governance processes. CIB is chaired by the Chief of Staff and attended by the Mayor's Appointees and Executive Directors. It helps coordinate GLA decisions and ensure there is appropriate review before decisions are taken and executed. It also reviews, among other things, matters of significance or potential significance that may involve the exercise of a Mayoral Power. The Board played a significant role in the review of draft Mayoral statutory strategies and now also acts as an umbrella board to various other previously disparate groups, receiving regular updates.
- 3.48. The London Assembly's Scheme of Delegation is reviewed annually and reaffirmed at its annual meeting.
- 3.49. The GLA's most important partnerships are those that exist within the GLA Group. Bodies within the Group have their own decision-making arrangements and the Group's Corporate Governance Framework Agreement requires that each organisation codifies these arrangements and reports its decisions.
- 3.50. Where issues of interest to the Mayoral team arise, and which may result in or bear upon a decision, these are flagged by the body in question and discussed. Such discussions may lead to a formal Mayoral delegation or direction. The use of the power of direction is kept under ongoing review and a list of all directions is appended to this Statement.
- 3.51. GLA companies are another avenue through which decisions may be taken. The process is defined by Mayoral Decision-Making in the GLA and reviewed periodically alongside the regular review of that document.

- 3.52. The Mayor is now the sole member of SME Wholesale Finance London Limited (SMEWFL), which became the GLA's third subsidiary company. The company has member interests in certain active and non-active funds including the London Co-Investment Fund Limited Liability Partnership, an equity fund that provides seed financing for start-ups. In addition a new subsidiary of SMEWFL, GLIF limited, was incorporated in June 2018. GLIF will be a new fund of funds providing repayable finance to London's small and medium sized enterprises. It will draw on European Regional Development Funding and a loan from the European Investment Bank. The latter remains subject to approval.
- 3.53. SMEWFL is appreciably different to the GLA's two other subsidiaries: GLA Holdings and GLA Land and Property. These two longstanding companies have no staff and decision-making that is fully integrated with that of the GLA: they are in effect accounting constructs that ensure fair tax practices are adhered to but otherwise operate as the alter ego of the GLA. SMEWFL is, on the other hand, managed at arms-length; the GLA has ultimate control as its sole member but otherwise specifies those areas where SMEWFL must seek the GLA's consent and where, therefore, its decision-making interacts with that of the GLA.
- 3.54. In addition, the Mayor has agreed that the GLA acquire London Treasury Limited (LTL) to allow London Boroughs to join the Group's Investment Syndicate. LTL is to be a wholly owned GLA company and it is proposed its acquisition, by GLA Holdings Limited, takes place by the end of July 2018. Financial Conduct Authority (FCA) approval is expected by early September 2018. The decision-making interaction between LTL and the GLA is being worked through. Furthermore, it is likely the GLA will acquire or establish new subsidiaries in the future; getting the governance model right – that is, the best balance of control and freedom of operation for each subsidiary – will be a challenge and a priority.
- 3.55. The GLA is updating Mayoral Decision-Making in the GLA to account for these new companies and explicitly recognise the different governance models that can be applied.
- 3.56. For other partnerships the GLA's guiding principle is to ensure decisions concerning its resources, including resources for which it is accountable, remain subject to the Authority's decision-making processes.
- 3.57. In July, the GLA signed-up to the Office for National Statistics' Code of Practice to ensure the GLA produces, makes use of and publishes data which meet widely recognised and exacting standards. The GLA also has a Data Quality Framework (DQF) to ensure it produces high-quality performance information.

Measuring the performance of services and related projects and ensuring that they represent the best use of resources and value for money

- 3.58. Over the year, quarterly financial management information continued to be reported to and reviewed with directors and cost centre managers. Progress against corporate initiatives and against budgets was formally reported quarterly. Mayoral commitments were tracked. This was complemented by both regular and exception based reporting to the Mayor and his advisors by senior officials.
- 3.59. Performance was also managed and monitored at a GLA Group level, again through formal quarterly reports detailing financial and service performance, for each functional body, and through reporting to the Mayor and his team.
- 3.60. In addition to the regular and periodic performance monitoring activities, the Assembly's scrutiny function encouraged constructive challenge and provided impetus for enhancing performance.
- 3.61. During 2017-18 the GLA began to embed a new performance framework, with an initial focus on five themes or 'portfolios' of work:
- housing
 - air quality
 - culture and the creative industries
 - social integration
 - future economy
- The new approach is different to that adopted previously, which focussed narrowly on KPIs. It represents a more holistic approach to performance management. For each theme, the GLA has identified a number of outcomes; that is, the benefits the Mayor wishes to secure for Londoners, linked to statutory and other strategies and Mayoral commitments. Under those outcomes are related indicators (and targets) and deliverables (including measures of success). Also captured are the projects that make up that portfolio of work and influence the outcomes.
- 3.62. This is an evolving piece of work and priorities include to roll it out to other areas (next will be Regeneration), sharpen the indicators and associated targets and integrate further financial and performance reporting. This evolution will also take account of feedback provided by the Budget & Performance Committee at a useful challenge session in May 2018.
- 3.63. The GLA has robust arrangements for managing projects, programmes and risk, and these are deployed to ensure any major transformation is undertaken effectively. Guidance and templates are available on the intranet and the GLA is increasingly using agile project methodology.

- 3.64. The GLA publishes an annual report reflecting on progress in delivering Mayoral initiatives, with a detailed appendix of performance and other data.

Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements

- 3.65. The exercise of Mayoral functions by officers within the GLA is documented in and governed by Mayoral Decision-Making in the GLA. It reserves the required and otherwise appropriate responsibilities to the Mayor and provides managers with the authority necessary to conduct routine business. The roles in and the taking of planning decisions are covered by a dedicated scheme of delegation.
- 3.66. There is also a documented scheme of delegation in respect of the HOPS's statutory staffing responsibilities for the GLA.
- 3.67. 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.
- 3.68. Information about the governance of the GLA's partnerships is set out from paragraph 3.96.

Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)

- 3.69. The GLA is compliant with the five principles set out in CIPFA's Statement on the Role of the Chief Financial Officer. There have been no significant developments in this regard since the previous version of the AGS was published, which explains in more detail how the GLA meets said principles.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function.

- 3.70. The GLA's Monitoring Officer works with the Authority's elected politicians and chief officers to promote high standards of ethical conduct.
- 3.71. The Monitoring Officer has specific and formal duties underpinning this role:
- To deal with any alleged breach by the Mayor or Member of the London Assembly of the formal Code of Conduct for GLA Members, and to make decisions as to whether or not any such allegations are valid.
 - To operate the Authority's wider standards regime, including the registration and declaration of interests, gifts and hospitality received.

- To report to the Mayor and London Assembly on contraventions or likely contraventions by any part of the Authority of any enactment or rule of law.
- To report on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation into GLA-related matters.
- Working with the Authority's other Statutory Officers and the Assistant Director of Finance & Governance, to provide advice to the Authority on corporate governance matters, including matters relating to the proper use of the Authority's resources.

3.72. The Monitoring Officer seeks to be fully transparent in the conduct of her work by: publishing all decisions made on complaints received against Members, 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. The Monitoring Officer's report for 2017-18 can be found at item 12 of the agenda for the 20 March 2018 meeting of the Assembly's Audit Panel.

Ensuring effective arrangements are in place for the discharge of the head of paid service function.

- 3.73. The HOPS is the GLA's most senior official and leads the Corporate Management Team. He has the power, after consulting the Mayor and the Assembly, to appoint such staff as he considers necessary for the proper discharge of the functions of the Authority, having regard to the resources available and the priorities of the Authority.
- 3.74. The HOPS cannot sensibly exercise all of those functions falling to the role personally and so has made delegations to other officers in the GLA. These are set out in the HOPS Scheme of Delegations – Staffing. The Scheme is supported by a protocol describing the procedures that should be followed by the HOPS or officers with delegated powers when using the staffing powers vested in the HOPS. A refreshed Head of Paid Service Staffing Protocol and Scheme of Delegation was approved in July 2018.
- 3.75. The Assembly has delegated its role as a consultee in this regard to the GLA Oversight Committee. In 2017-18 the HOPS continued to provide regular updates to the Committee on staffing matters and on the Authority's workforce; and to consult with it on proposed changes to the GLA establishment.
- 3.76. Since the retirement of the incumbent permanent HOPS, Jeff Jacobs, on 4 May 2018, the GLA's interim HOPS has been David Lunts, Executive Director of Housing and Land. Following a fair, open and transparent external recruitment process that was in line with the Statutory Officers – Staffing Protocol, Mary Harpley has been chosen as the GLA's Chief Officer and will assume HOPS duties from David at the point her appointment becomes effective on 10 September 2018. She will also serve as the Greater London Returning Officer.

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

- 3.77. The GLA has robust and thorough processes for appraising and developing its staff, backed by a well-embedded competency framework and a training and development programme.
- 3.78. Good corporate governance principles are incorporated into wider induction programmes for all staff and elected members. Online corporate governance training is mandatory for all staff. The content is refreshed regularly to reflect developments in practice.
- 3.79. All Assembly Members benefit from the support of the Secretariat and its Scrutiny, Committee and External Relations functions. Assembly Members also receive a budget to fund support staff such as a head of office, researchers and assistants.
- 3.80. The GLA has a comprehensive learning and development programme, including a strategy for and focus on management and leadership development.

Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability

- 3.81. The GLA's approach to risk management is set out in its Risk Management Framework (RMF). The Framework was re-endorsed by the Corporate Management Team in February 2018 and new action areas identified to ensure risk management is embedded across the GLA.
- 3.82. 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. 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 and Audit Panel. Project risk was captured and reported as part of the corporate quarterly reporting process. Risks associated with decisions were outlined on the related decision form. These corporate mechanisms were supplemented by processes at the departmental level.
- 3.83. Each Executive Director now provides an annual statement giving assurance risk management is operating effectively – and in line with the corporate approach – within their ambit of responsibility. Actions are also identified.
- 3.84. The RMF received a 'substantial' rating in its most recent Internal Audit review.

Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption

- 3.85. The GLA continues to place a high priority on its anti-fraud work and officers have worked with Internal Audit to identify areas that have the highest potential for fraud. This fraud 'risk wheel' will be refreshed in 2018-19.
- 3.86. The GLA's Anti-Fraud Framework, drawing on input from Internal Audit, was reviewed and refreshed and published in July 2017 alongside the revised Whistleblowing Policy. The new, streamlined document benefits from an action plan, a stronger statement on the importance the GLA places on anti-fraud measures and is consistent in tone and format with other governance documents recently updated. Published alongside the revised Anti-Fraud Framework was a new Anti-Money Laundering Policy. This was subject to amendment later in the year to reflect changes to Anti-Money Laundering Regulations. Its implementation is supported by an action plan.
- 3.87. The GLA's Fraud Response Plan was not invoked in 2017-18. However, there was one instance of fraud at SMEWFL. The GLA commissioned an Internal Audit of the circumstances and controls relating to the fraud and this will inform action planning – building on initial action already taken to strengthen controls – to reduce the risk of any such incident occurring again.
- 3.88. The GLA has for some time recognised that it is carrying a risk of being defrauded where it issues small grants in high volumes. The GLA has sought to design programmes that avoid and minimise this risk. But it nevertheless has a longstanding ambition to develop a database that will allow for an organisation-wide picture of grant giving and support data matching. The GLA Open Project System will be rolled out across the GLA as its de facto grants management system. This will allow for consistent fraud and other checks and reduce the risk of inappropriate use GLA funding. In the interim, the GLA has entered a framework agreement with two external grant service providers to support consolidation of grant funding programmes and cross-checks across funding streams.

Ensuring an effective scrutiny function is in place

- 3.89. The GLA's scrutiny function is performed by the 25 Members of the London Assembly. The Assembly has its own component budget, distinct in law from the Mayoral component, and is supported by the Assembly Secretariat directorate. The directorate is broadly divided into two teams: one supporting the effective working of the Assembly's Committees; and the other supporting the Assembly's scrutiny and other investigations with high quality research.
- 3.90. The Assembly's Committee structure and all associated meetings and reports are available in full through its own section of the GLA website. The Assembly publishes an annual report setting out its work in the year and further information is at section 4 and appendix C of this AGS.

Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

- 3.91. The GLA is compliant with the five principles set out in CIPFA's Statement on the Role of the Head of Internal Audit. There have been no significant developments in this regard since the previous version of the AGS was published, which explains in more detail how the GLA meets said principles.

Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)

- 3.92. The roles and responsibilities of the Audit Committee are discharged, as a function of statute, by the Mayor. He is supported in this regard by the Assembly's Audit Panel.
- 3.93. The Audit Panel has well-established terms of reference, informed by CIPFA guidance. The Audit Panel: provides challenge; raises the profile of internal control, risk and financial reporting; provides a forum for the discussion of issues raised by internal and external auditors; and bolsters transparency. The Panel also monitors the effective development of risk management, whistleblowing, and anti-fraud and corruption policies.

Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations

- 3.94. Management responses to Internal Audit recommendations form, for each audit, an action plan that is reported to Audit Panel. Progress is then checked by Internal Audit through a follow-up review.
- 3.95. The external auditor's 'Audit Results Report' for 2016-17 did not raise any significant issues to follow-up in the year; finding that the Authority's financial statements gave a true and fair view of its financial position and that the GLA had in place proper arrangements to secure value for money in your use of resources. Robust processes exist to address any issues that were to arise.

Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures

- 3.96. The GLA has three principal groups of partners or stakeholders:
- its three subsidiary companies (see paragraph 3.52)
 - its permanent functional bodies and the Mayoral Development Corporations (MDCs) it has created in accordance with the provisions of the Localism Act

- London boroughs and other key public sector and business stakeholders across London and beyond
- 3.97. There are a series of arrangements in place, mainly defined by legislation and differing slightly according to each organisation, governing the GLA's relationship with TfL, MOPAC, the London Fire Commissioner (LFC) and the MDCs. There are currently two MDCs: the London Legacy Development Corporation (LLDC) and Old Oak and Park Royal Development Corporation (OPDC).
- 3.98. A Corporate Governance Framework Agreement for the GLA Group covers the Group's powers and duties and sets out both the respective roles and responsibilities of each body within the Group and the core governance requirements they are to adhere to. A revised Framework Agreement was approved by the Mayor in November 2016.
- 3.99. The Agreement is a voluntary but firm commitment by all parties to be open, transparent and accountable for their actions and behaviour. It is also a commitment to hold to specific Mayoral and London Assembly expectations for the Group to interact in a way that enhances accountability and service provision to Londoners. The document is intentionally high-level so as to set common principles that apply across the Group, with the methods of implementation left to each functional body to determine.
- 3.100. The GLA funds and is the funder of last resort for both of the MDCs. Regular liaison meetings – involving the Mayor's team, the Chair and senior officials – are held with both bodies to maintain a shared and well-understood view of risks and challenges; alongside more frequent meetings between senior finance staff. A Governance Direction with LLDC explains and sets the parameters for the interaction of decision-making between the Corporation and the Mayoralty.
- 3.101. With Government and key partners, the GLA and the LLDC have developed a shared approach and shared funding to provide oversight, assurance and risk management of the East Bank project, which has as its central aim the creation of a world class cultural and educational quarter in Queen Elizabeth Olympic Park. Central to this is the East Bank Programme Board.
- 3.102. The LFC is a corporation sole that came into being on 1 April 2018, replacing the London Fire and Emergency Planning Authority (LFEPA). The Mayor issued a direction in March 2018 to set out those matters requiring Mayoral consent, those requiring the Deputy Mayor for Fire and Resilience's consent and those on which the Deputy Mayor for Fire and Resilience needs to be consulted. It also requires the LFC to follow the GLA Group Corporate Governance Framework Agreement and to follow GLA practice on staff political restrictions, based on those in the Local Government and Housing Act 1989. Though early days, the new governance arrangements are working well, with the process for giving consent fully integrated into the GLA's decision-making framework.
- 3.103. The other partnerships in place (ie. with boroughs, voluntary organisations, business and others) vary tremendously in role, size and resourcing. Oversight of these partnerships is at team level. The GLA does, however, maintain corporate partnership guidance to

promote effective oversight of partnerships. It also maintains a register of the Authority's significant partnerships, most recently refreshed in November 2017. Periodically the efficacy of these partnerships is reviewed by lead officers.

4. London Assembly scrutiny of governance issues

- 4.1. The London Assembly has a key role to play in holding the Mayor to account and scrutinising GLA governance, services and functions.
- 4.2. The Assembly provides regular challenge of the GLA's governance arrangements in a number of ways, through:
 - 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, and formal consideration of the Mayor's draft budget and draft strategies
 - holding confirmation hearings for key appointments
 - the work of scrutiny committees
 - other work on internal corporate governance
- 4.3. 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.
- 4.4. The eight offices to which non-binding confirmation hearings apply are:
 - Chair and Deputy Chair of Transport for London
 - 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
 - Chair of a Mayoral Development Corporation (of which there are currently two)
- 4.5. In the case of three further appointments - the LFC, The Deputy Mayor for Fire and Resilience and the Deputy Mayor for Policing and Crime - the relevant Assembly committee has the power to exercise a veto, which is binding. In the case of the Deputy Mayor for Fire and Resilience and the Deputy Mayor for Policing and Crime, the veto may only be exercised where the candidates are not Assembly Members.
- 4.6. Appendix C provides details of governance and related issues raised by the Assembly in 2017-18.

5. Extant risks and governance challenges

Extant risks

- 5.1. When updated in March 2018, there were 24 risks on the corporate risk register – broadly consistent with the number in 2016-17. The most serious risks were:
- London 2012 Legacy – The GLA is exposed to financial risk due to: a) overspends on, or reduced income from, existing LLDC projects, this includes the deliverability of LLDC's Long Term Plan alongside the Mayor's housing targets; b) the requirement to underwrite risks and provide cashflow support for East Bank; and/or c) ongoing costs associated with the London Stadium, managed by E20 Stadium LLP.
 - Air quality – a) Mitigation measures do not over time significantly reduce harmful pollutants / minimise exposure and therefore air quality does not improve (or worsens); b) Air quality and EU policy such that London is at risk of penalties arising from EU infraction processes or legal action (including from individuals affected by air pollution).
 - 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, either by the Mayor or by the Assembly, and budgetary priorities are not adequately reflected.
 - Brexit – a) Uncertainty about the UK's future relationship with the EU leads to a range of impacts for London, particularly economic and for social cohesion; b) London's unique circumstances are not taken into account and this contributes to a post-Brexit relationship between the UK and the EU that does not allow London to attract investment and talent or to trade effectively with the EU and beyond; c) On leaving the EU, European funding is not replaced with equivalent funds from central government.

Governance challenges

- 5.2. The primary governance challenges for the coming period include:
- Evolving and further strengthening the GLA's new performance management framework.
 - Finalising the outstanding Mayoral strategy strategies; ensuring the strategies are joined-up and supported by strong delivery frameworks.
 - Continuing to manage effectively partnership arrangements for and risks arising from the two MDCs – LLDC and OPDC – noting the latter has bid for Housing Infrastructure Funding, which would provide for a step-change in its activities.
 - Continuing to refresh and bring greater consistency to corporate governance documents.
 - Preparing for the devolution of the adult education budget and designing an appropriate governance and assurance framework.
 - Continuing to strengthen the GLA's data protection arrangements and ensuring they are fully aligned with the General Data Protection Regulation, which came into force on 25 May 2018.

- Flexing the GLA's governance framework to account for the likely acquisition or establishment of new subsidiary companies in 2018-19, including getting the balance of control and independence correct for each.
- Responding to the priorities and strategic requirements of a new Chief Officer and a refreshed Executive Team.

5.3. Commentary on the governance challenges for 2016-17, identified in the previous Annual Governance Statement, is at Appendix D.

6. Conclusion and disclosure

- 6.1. The GLA had sound arrangements in place for corporate governance during 2017-18. No significant developments or events relating to the governance system have occurred between the end of the 2017-18 financial year and the signing off of the Authority's financial statements in July 2018. The governance system remains fit for purpose.
- 6.2. The GLA is committed to keeping its governance arrangements under review, proactively identifying where and how they can be improved. Their efficacy will be monitored throughout 2018-19 and the next version of this statement will reflect on how the challenges highlighted in this year's statement have been addressed.



Sadiq Khan
Mayor of London

Date: 26 July 2018



Lucy Owen
Acting Head of Paid Service

Date: 24 July 2018

Appendix A: Internal audit assurance ratings in 2017-18

Overview

The ratings arising from risk and assurance reviews concluded in the year were:

Rating	2017-18	2016-17 (for comparison)
Substantial	6	4
Adequate	7	7
Limited	0	0
No assurance	0	0
Total reviews	13	21

Audit Title	Rating
Procurement Shared Services	Substantial
RE:NEW Programme Framework	Adequate
Planning Advice Service Income – Health Check	Adequate
Payroll – Review of Main Areas	Substantial
New Year's Eve	Substantial
Partnership Governance – Film London and London Design Festival	Adequate
Capital Programme – Monitoring and Return	Substantial
Fourth Plinth Programme	Adequate
Agency and Consultancy Staff Employment Status	Adequate
LLDC – Governance and Oversight	Adequate
Material Financial Systems Creditors, Debtors and Non-Current Assets	Substantial
Housing Zones – Contract Management and Reporting	Adequate
Further Education Capital Grant	Substantial

The ratings arising from follow-up reviews were:

Rating	2017-18	2016-17 (for comparison)
Substantial	11	11
Adequate	1	4
Limited	0	0
No assurance	0	0
Total reviews	12	15

Audit Title	Rating
The Bribery Act 2010	Substantial
Health and Safety	Substantial
Disclosure and Barring Framework	Substantial
Regeneration Funding Due Diligence	Substantial
Mayor's Community Infrastructure Levy	Substantial
Use and Control of Social Media	Substantial
Expenses and Benefits Framework	Adequate
Policy Development, Implementation and Review Framework	Substantial
Partnership Governance – Film London and London Design Festival	Substantial
RE:NEW Programme	Substantial
Procurement Shared Services	Substantial
Employment Checks	Substantial

Four grant return submissions were completed for:

- London Growth Hub
- New TSB: Gnewt Electric Vehicle Trail
- MHCLG: Local Growth Fund
- HyFive

Appendix B: Mayoral directions issued to the GLA's functional bodies in 2017-18

The GLA is careful to issue directions only when it is appropriate to do so. Directions are published on the GLA website as part of the routine publication of all Mayoral decision forms.

In 2017-18, ten directions were issued or revoked.

MD No.	Body	Title	Date	Decision
2120	TfL	Revoking of approvals in respect of the Garden Bridge project	09/05/17	<p>The Mayor approves:</p> <ul style="list-style-type: none"> • That the GLA does not provide guarantees to the Port of London Authority, Westminster City Council and the London Borough of Lambeth in respect of the Garden Bridge and as authorised by the previous Mayor through MD1472 • The revocation of the delegation to the Executive Director of Resources to agree the guarantees' terms and conditions and related arrangements and to execute the guarantees • That the delegations and directions to Transport for London given under MD1248, MD1355 and MD1472 are hereby revoked, save (i) to the extent that TfL has entered into binding commitments which it will need to honour; and save that (ii) TfL shall continue to perform activities relating to the Garden Bridge project necessary or expedient to protecting the interests of the GLA and TfL
2130	LFEPa	LFEPa: ethical trading	30/05/17	That the Mayor revokes the direction to LFEPa given under MD1517, so as to enable the Company and LFEPa to consider ethical trading issues according to Mayoral policy and views.
2157	TfL	Licence Lite	24/08/17	<p>The Mayor approves:</p> <ul style="list-style-type: none"> • A 12-month pilot scheme for the Licence Lite Project, which includes the GLA being granted an electricity supply licence by the Ofgem and entering into contracts; • Expenditure of up to £498,000; • A related exemption, regarding the entry into contracts with Cornwall Energy and Arup, from the requirement of the GLA's Contracts and Funding Code that such services be procured competitively; • Procurement of the Operating Services by means of competitive tender; • The receipt of income of £336,000 from TfL and from the sale of the surplus electricity under the agreement with RWE nPower; and • A direction to TfL so that TfL can enter into the 12-month supply arrangements contemplated as part of the pilot, as attached at Annex 2 and issued pursuant to section 155(1)(c) of the GLA Act 1999.

MD No.	Body	Title	Date	Decision
2170	TfL	Metropolitan Line Extension	28/09/17	<p>The Mayor:</p> <ul style="list-style-type: none"> • Directs TfL to continue to provide up to £49.23m of funding towards the cost of delivering the MLX subject to directions 2 and 3 below; • Directs TfL not to take responsibility for any costs above the current £284.4m funding package; and • Directs TfL to close out its current activities in respect of the MLX in an orderly fashion and not to commence any new activities, including procurement activities associated with the main works, unless and until arrangements to provide additional funding for the MLX are put in place to address direction 2 above.
2183	TfL	Direction to TfL concerning its Affordable Housing Programme 2017/18	12/12/17	The Mayor directs TfL in relation to the disposal or development of its land in 2017/18 in the form at Appendix A to this decision form
2189	TfL	January 2018 Fare Changes	06/11/17	<p>The Mayor:</p> <ul style="list-style-type: none"> • Approves the proposed revisions to fares to be implemented from 2 January 2018 as set out below; and • Directs TfL, pursuant to the power in section 155 (1)(c) of the Greater London Authority Act 1999, to implement these fares on 2 January 2018 (as set out at Appendix 2).
2208	TfL	Independent Investment Programme Advisory Group	28/02/17	<p>The Mayor:</p> <ul style="list-style-type: none"> • Approves the proposed change to the remit of Transport for London's Investment Programme Advisory Group and its governance; and • Directs Transport for London under section 155(1)(c) of the Greater London Authority Act 1999 in the terms of the attached Direction (Appendix 1).
2245	TfL	Heathrow Fares	02/03/18	<p>The Mayor:</p> <ul style="list-style-type: none"> • Approves the proposed fares on TfL Rail services to the Heathrow rail stations to be implemented from 20 May 2018 as set out below; and • Directs TfL, pursuant to the power in section 155 (1)(c) of the Greater London Authority Act 1999, to implement these fares on 20 May 2018 (by signing the direction at Appendix 1).
2253	TfL	Funding for Croydon following Sandilands tram overturning	09/03/18	Recognising the strong desire of TfL to support the London Borough of Croydon; the Mayor Directs and delegates powers to TfL (in the form at appendices 1 and 2) for the purpose of making payments totalling £750,000 to the London Borough of Croydon as a contribution to the borough's community recovery activities following the tragic overturning of a tram at Sandilands on 9 November 2016.
2260	LFC	LFC Governance Direction	21/03/18	That the Mayor directs the London Fire Commissioner under section 327D of the GLA Act 1999 as set out in Appendix 1 to this decision form.

Appendix C: Governance and related issues raised by the Assembly

2018-19 budget for the GLA Group

In accordance with the requirements of the GLA Act 1999 (as amended), there is a two-stage budget-setting process. At the draft budget stage (January), the Assembly is able to amend the statutory figures that make up the consolidated budget requirement in the GLA Act by a simple majority. The Mayor is under a duty to respond to any amendments passed when he presents his final budget.

At the final draft budget stage (February), the Assembly is able to amend the statutory figures that make up the consolidated budget requirement by a two thirds majority of Assembly Members present and voting. At this stage, amendments agreed by the requisite majority are binding.

At its meeting in January 2018, following consideration of the draft budget, the Assembly considered two amendments, none of which were passed. These are appended to the published minutes of the meeting.

At its meeting in February 2018, following consideration of the final draft budget, the Assembly did not agree any amendments to the budget by the requisite majority. In accordance with Paragraph 8(5) of Schedule 6 to the GLA Act 1999 (as amended), the Assembly was deemed to have approved, without amendment, the Final Draft Consolidated Budget for 2017-18. The Assembly also considered a budget related motion, which was agreed and is set out in the published minutes of the meeting.

The Budget and Performance Committee has the responsibility of examining the Mayor's draft budget before it is voted on by the whole of the Assembly. It is supported by the specialist Budget Monitoring Sub-Committee.

As part of this scrutiny, the Committee publishes its Pre-Budget Report every year. The report sets out the key financial issues facing the Mayor as he prepares the budget for London. In its report, the Committee highlighted concerns over the need for an action plan to address the London Stadium's financial pressures; called for the Mayor to publish the detail of his proposals to fund half of Crossrail 2 during construction; and sought clarity on how far the Mayor's funding programmes would go towards meeting London's housing need of 66,000 new homes a year, 65 per cent of which are affordable.

In January 2018, the Committee concluded its scrutiny of the Mayor's budget proposals, publishing its response to the Mayor's draft consultation budget 2018-19. This made a final round of recommendations for the Mayor.

Strategies and plans

The Mayor is statutorily required to consult the Assembly on certain strategies. Assembly committees usually respond to such consultations on the Assembly's behalf and the consultation responses are published on london.gov.uk.

In addition, the Mayor must lay before the London Assembly the final versions of those strategies prior to their publication. Under the provisions of Section 42 of the GLA Act 1999 (as amended), the Assembly has the power to consider and potentially reject draft strategies within 21 days of their submission, including the date the draft strategy is laid before the Assembly.

The only new statutory strategy to be issued in 2017-18 was the Mayor's Draft Transport Strategy. The London Assembly's Transport Committee has a statutory role in reviewing and responding to the draft Strategy. Its response was published in September 2017 and made a number of recommendations asking the Mayor to amend parts of the plan, or consider certain issues in more detail. The Mayor's final plan, which was published in March 2018, came in for some criticism from the Transport Committee due to the lack of firm targets and detail.

Confirmation hearings

During 2017-18 the London Assembly held two confirmation hearings.

In July 2017, the Confirmation Hearings Committee held a confirmation hearing for the Mayor's proposed appointment of Sir Peter Hendy CBE as Chair of the London Legacy Development Corporation. The Committee agreed that the Mayor should proceed with his proposed appointment.

Also in July 2017, the London Assembly held a confirmation hearing for the Mayor's proposed appointment of Dermot "Skip" McMullan to the office of Deputy Chair of the London Pensions Fund Authority. The Confirmation Hearings Committee agreed that the Mayor should proceed with the appointment.

Governance in the Mayoral Development Corporations

The two Mayoral Development Corporations – Old Oak Common and Park Royal Development Corporation (OPDC) and the London Legacy Development Corporation (LLDC) – are kept under review by the Assembly via its plenary meetings and two Assembly committees: the Regeneration Committee and the Budget Monitoring Sub-Committee. The Budget Monitoring Sub-Committee receives a quarterly monitoring report from LLDC on spending and capital performance.

In December 2017, an independent review into the London Stadium project was published revealing a catalogue of errors that led to soaring costs and an annual loss of £20 million. The Budget Monitoring Sub Committee met on 18 October 2017 to discuss the overall sustainability of LLDC, a significant part of which is the Stadium. The Sub-Committee then questioned David Bellamy, the Mayor's Chief of Staff, on 13 December 2017.

The Assembly has continued to hold the OPDC and LLDC to account by assessing the key objective of 'convergence' which was a stated goal of the Olympics. This is a 20-year process aiming to improve the performance and prospects of communities in the former host boroughs – now renamed the 'Growth Boroughs' – by bringing them closer to the average social and economic development for London.

The Regeneration Committee released a report in November 2017 'Relighting the torch: securing the Olympic legacy' which examined the efficacy of the plans put in place to give a lasting benefit after the Olympics. The report showed significant areas of concern including: the lack of positive change on the gap between the quality of life indicators in the six host boroughs and the rest of London and a deterioration in sports and physical activities and a growing earnings gap – greater in 2015 than 2009. Still areas of the host boroughs have the highest proportions of children living in deprived households in the country.

Improving transparency and governance

The GLA Oversight Committee is responsible for scrutinising internal processes of the GLA and monitoring City Hall budgets and procurements, and bringing this information into the public domain. The Committee met ten times in 2017-18.

On 14 September 2017, the GLA Oversight Committee held a session with invited guests regarding the use of personal data by the GLA Group focussing on the key areas of the use and sharing of personal data, individual rights, security issues and the future of personal data.

The Chair of the Committee wrote to the Mayor on 14 November 2017 encouraging the GLA Group to be more open in its communication with the public regarding the use of their data, particularly in relation to the Metropolitan Police and facial recognition technology, and Transport for London and their use of data regarding websites accessed by customers on their networks.

In July 2017, the Budget and Performance Committee took the rare decision to issue a summons notice to the Mayor of London's Chief of Staff, David Bellamy, requesting transcripts of interviews undertaken as part of Dame Margaret Hodge MP's Review into the Garden Bridge Project.

Then, in line with the Assembly's statutory scrutiny role and following its ongoing interest in the project, in March 2018, the GLA Oversight Committee summonsed the former Mayor, and then Foreign Secretary, the Rt. Hon Boris Johnson MP, to a meeting to answer questions about the controversial Garden Bridge project. The Committee put questions to Mr Johnson about the lack of involvement of TfL's Board in procurement decisions associated with the project and the reasoning behind Mayoral decisions made.

Subsequently, the Chair of the Committee wrote to the Mayor to explain that there are deeper lessons the GLA Group can learn from the Garden Bridge Project. He suggested that:

- the status of Mayoral Directions should be clarified

- the GLA should investigate further the activities of GLA Group organisations working to fulfil the ambitions of a London Mayor
- the GLA needs to review the procedural guidelines for projects in which a GLA functional body contractually engages with any outside body

Appendix D: Commentary on previously identified governance challenges

The 2016-17 Annual Governance Statement set out seven governance challenges for the year ahead. These are repeated below together with commentary on the actions taken and how the challenges developed during the year.

Challenge	2017-18 developments
Embedding a new performance management framework for the GLA	<ul style="list-style-type: none"> Refer to paragraph 3.61.
Consulting on and finalising Mayoral strategy strategies; ensuring the strategies are joined-up and supported by strong delivery frameworks.	<ul style="list-style-type: none"> See from paragraph 3.36.
Continuing to manage effectively partnership arrangements for and risks arising from the two Mayoral Development Corporations: LLDC and OPDC.	<ul style="list-style-type: none"> This has been an ongoing priority throughout the year. Risks pertaining to OPDC have been relatively low – indeed, the concomitant risk has been removed from the GLA’s corporate risk register. Nevertheless regular liaison meetings took place with OPDC, chaired by the GLA’s Chief of Staff and attended by finance and governance officers. Agreed terms of reference are in place. There is now also closer working between Homes for Londoners and OPDC, with the sharing of resource as appropriate. Similar meetings take place with LLDC – where the risk is significantly higher – and structures are in place to ensure joined-up work on East Bank. The independent review of past decisions associated with the London Stadium concluded, and ensuring the Stadium is on a sustainable long-term footing has been a particular focus. An Internal Audit of GLA Oversight and Governance of LLDC led to an ‘adequate’ assurance rating. Work is taking place to address the recommendations to improve this to ‘substantial’. For example, the capacity in the Governance Team is being strengthened, terms of reference are being developed for the liaison group and there is a more explicit focus on risk at group meetings.
Continuing to refresh and bring greater consistency to corporate governance documents; and maintaining an up to date list of all such GLA protocols and policies.	<ul style="list-style-type: none"> See paragraphs 3.17 and 3.19. In addition the Code of Conduct was updated and draft policy development guidance prepared. This will continue to be a focus for 2018/19, with a number of core HR documents due to be updated.
Pressing for and, where successful implementing, arrangements to deliver devolution; including preparing for the devolution of the adult education budget.	<ul style="list-style-type: none"> MD2255 (March 2018) confirmed the Mayor’s intention to accept devolution of AEB subject to meeting a series of principles set out in the devolution arrangement, agreed by the GLA and the Department for Education. Under this proposal, the Mayor would be responsible for the commissioning, delivery and management of London’s AEB. In summer 2018, the GLA published a draft Skills for Londoners Framework, which sets out in further detail, the

Challenge	2017-18 developments
	<p>Mayor's funding priorities and outcomes for the AEB, ESF and Skills for Londoners capital funds in London.</p> <ul style="list-style-type: none"> • Organisational preparation was undertaken throughout the year, led by a new Assistant Director – Skills & Employment and her team. There is a related risk on the corporate risk register.
<p>Managing the transition to a Mayoral model for the governance of London's fire service from April 2018, ensuring decision-making continues to be transparent and accountability is enhanced.</p>	<ul style="list-style-type: none"> • See paragraph 3.102. • Arrangements pertaining to the LFC are working well. The Governance Direction is being applied and the giving of consent to the LFC has been integrated into GLA decision-making in much the same way as it is for the MDCs. • The Mayor appointed a statutory Deputy Mayor for Fire (and Resilience) in March 2018.
<p>Preparing the GLA for the General Data Protection Regulation (GDPR) that comes into force on 25 May 2018. The GDPR will give individuals more control over their personal data, introducing tougher rules on how personal information must be handled and protected, and significantly higher financial penalties for non-compliance.</p>	<ul style="list-style-type: none"> • Preparing for GDPR was constituted as a project overseen by the GLA's Governance Steering Group. Key actions were identified and have been tracked. A series of blogs, briefings, including to the Corporate Investment Board, and other staff communications (including via the Senior Management Team) have been used to increase staff awareness. • The GLA's main website privacy statements have been updated and a new data breach policy agreed and launched. New initiatives are being designed to be GDPR compliant where relevant and existing data sharing arrangements are under review, with high risk arrangements such as the Rogue Landlord Checker subject to thorough review and specialist legal advice ahead of 25 May. • This represents ongoing work with priorities including refreshing the GLA's data asset register and updating the full suite of data protection policies.

