



Department for
Communities and
Local Government

Department for Communities and Local Government Accounting Officer Accountability System Statement for the Greater London Authority

© Crown copyright, 2012

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk.

This document/publication is also available on our website at www.communities.gov.uk

Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 030 3444 0000

October, 2012

ISBN: 978-1-4098- 3669-8

Department for Communities and Local Government Accounting Officer Accountability System Statement for the Greater London Authority

Introduction

1. As accounting officer for the Department for Communities and Local Government I am accountable to Parliament for the proper stewardship of the resources allocated to the department. Details of the requirements to ensure regularity, propriety and value for money are set out in the HM Treasury Guidance 'Managing Public Money' (see http://www.hm-treasury.gov.uk/psr_mpm_index.htm). This statement explains how I meet my responsibilities in relation to the funding provided by my department to the Greater London Authority ('the Authority').
2. The Authority receives substantial funding from other departments including the Department for Transport and the Home Office for the Authority's functions that relate to their remits. These funding streams are subject to their own accountability regimes and so are not described in, or covered by, this statement.
3. This statement describes:
 - The scope and nature of my accountability in relation to monies flowing from my department to the Authority
 - How the overall system of accountability for the money the Authority receives from my department works
4. This statement should be seen as supplementary to *The Accounting Officer Accountability System Statement for Local Government* that my department issued in March 2012. This earlier statement set out my responsibilities regarding monies paid to local authorities. A great deal of this earlier statement relates directly to the Authority as it is strategic local authority in receipt of many of the grants paid out to local government as a whole. For a fuller description of the content of the Accounting Officer statement for local government funding and how it relates to the monies supplied to the Authority see paragraphs 12 and 13.
5. This statement supplements the local government statement in two ways: by describing the arrangements, where they are bespoke, for monies paid to the Authority; and by setting out the precise nature of the system of accountability within which the Authority operates. This accountability system is in many ways similar to that which applies to government as a whole, but does have a number of distinct elements owing to the unique nature of the constitutional settlement for the Mayor and Assembly.

The scope of my accountability

6. Parliament, in passing the Localism Act, agreed to devolve the functions of housing and Olympic legacy in London to the Mayor and to fold the London Development Agency into the Greater London Authority. The Mayor is now accountable to Londoners and the London Assembly for the delivery of these functions in London and the use of the resources provided to support them. I remain the Accounting Officer for the DCLG Group, with responsibility for ensuring there is a satisfactory standard of financial management in DCLG and its Arms Length Bodies. The relationship between the department and the Authority in financial accounting terms, has not materially changed since the transfer of these functions in that I remain accountable for the flow of money to the Authority from this department and the overall system of accountability in which the Authority operates; the change is that the flows of money to the Authority have increased to assist the Authority in meeting the costs of their new functional responsibilities.
7. However, it is important to set out in full how the system of delivering housing, economic development and Olympic legacy has changed through the Localism Act to give clarity on accountability to Parliament.
8. From April 2012 the Homes and Communities Agency no longer operates in London - except for (a) a very small number of programmes where the Homes and Community Agency acts in London under a delegation from the Mayor and (b) its functions as the regulator of social housing. The Agency's former responsibility for housing delivery in London has passed to the Mayor (although outside of London it maintains its role in housing delivery). The relationship between my department and the Homes and Communities Agency is set out in the agreed Framework Document and its Accounting Officer provides me with assurance on the effectiveness and efficiency with which the Agency discharges its functions.
9. In the context of Olympic legacy I acted as Accounting Officer to Parliament for the Olympic Park Legacy Company (a joint Mayor/Government company) up until 31st March 2012. The establishment on 1st April 2012 of the London Legacy Development Corporations under the ultimate control of the Mayor marked the full decentralisation of delivery of the Olympic legacy in London. This means that my Accounting Officer role regarding Olympic legacy is now no different to the role I play for any other monies flowing from my department to the authority. The Accounting Officer for the Department for Culture Media and Sport retains residual accountability for decisions relating to any money they provide after the conclusion of the Games to help with the transformation of the Olympic Park.
10. In relation to economic development, the Permanent Secretary of the Department for Business Innovation and Skills was the Accounting Officer to Parliament for the London Development Agency until 31

December 2011. Under these arrangements the Department for Business Innovation and Skills put in place systems and arrangements to ensure regularity, propriety and value for money. This responsibility passed to me on 1 January 2012 recognising the Department's role in implementing the new arrangements for London under the Localism Act. The closing down of the London Development Agency on 31st March 2012 and the transfer of its functions, land and property assets and liabilities directly to the Mayor transferred full accountability to the Mayor for his activity to support economic development in the capital.

11. My role as Accounting Officer for the GLA is therefore:

- Ensuring **regularity, propriety and value for money in the distribution of funding** to the Authority.
- Ensuring the **funding provided is proportionate** to support the new functional responsibilities for which it is intended.
- Ensuring the **system of checks and balances provides the necessary assurances** that the Authority will spend their resources with regularity, propriety and value for money.
- Ensuring the remaining **interests of the Government and the public are clear and protected as appropriate.**

Ensuring regularity, propriety and value for money in the distribution of funding to the Authority

12. I am directly accountable for ensuring regularity, propriety and value for money in the distribution of resources to the Authority. The Accountability System Statement for Local Government¹ I issued in March 2012 set out my accountability for two budgets which provide funding to local government: a) The Local Government Departmental Expenditure Limit, which is the budget for local authority core funding, and b) the Department for Communities and Local Government Departmental Expenditure Limit, which allocates money to local government to support the implementation of departmental priorities such as housing. At present, the core funding for local government is provided in the form of Formula Grant. Formula Grant is allocated on basis of relative needs and relative resources via a complex formula. Paragraphs 14-17 of The Accounting Officer System Statement for Local Government outline how Formula Grant is provided in such a way as to ensure regularity and propriety in its distribution. The position set out applies equally to the Formula Grant provided to the Authority².

1 For a copy of this statement see

<http://www.communities.gov.uk/documents/localgovernment/pdf/2110027.pdf>

² Subject to the successful passage of the Local Government Finance Bill which is currently being scrutinised by Parliament, the Government will bring the Authority into its new Business Rate Retention scheme which will mean that the GLA's resource funding will be financed from keeping a share of London's business rates rather than grant. This will mean that from 2013/14 the Authority will no longer receive Formula or General Grant. This fact was recognised in the Settlement Letter.

13. As the Local Government statement makes clear, with regard to the Department for Communities and Local Government Departmental Expenditure Limit grants to authorities (including the Authority) are distributed either via specific formulae or through a bidding process, depending on what distribution process is appropriate for the purpose of the grant.

Ensuring the funding provided for the new functional responsibilities is proportionate

14. The Localism Act which attained Royal Assent in November 2011 provided that the following responsibilities be handed over to the Authority:

- *Housing policy and delivery*: For the remainder of this Spending Review period this means programmes previously run by the Homes and Communities Agency (HCA) in London (with the exception of a small number of functions which the Authority has formally delegated back to the HCA).
- *Olympic legacy*: Responsibility for transforming the Olympic Park and surrounding area under the auspices of a newly created Mayoral Development Corporation (the London Legacy Development Corporation).
- *Economic-development*: The funding and functions of the London Development Agency have been folded directly into the Authority.

15. A financial settlement covering the funding to be provided to help meet these new responsibilities for the lifetime of the current Spending Review was agreed between the Government and the Authority. This was issued on 6th February 2012 and placed in the Library of the House. The settlement was closely negotiated between the Government, led by my department, and the Authority over a period of months. The document makes clear that this is intended to represent the totality of funding to be provided as a contribution towards these policy responsibilities until the end of 2014-15 '*No further funding will be available from Government for London's housing programmes, regeneration activities or Olympic legacy based on current expenditure plans (unless new responsibilities are devolved)*'. It also makes clear the circumstances under which the settlement could be altered '*Changes to the settlement will occur only if relevant Departmental Expenditure Limits are amended as either a result of new or reduced budget allocations to relevant Departments from HM Treasury*' (paragraphs 24 and 25 of the settlement letter).

16. The settlement letter also makes clear an agreed debt profile the Authority will work towards which sees it reduce its debt from a high point of £300 million in 2015/16 to £55 million in 2022/23 to nothing in 2030/31. This restructuring was necessary as a result of the Authority

taking on extra debt previously held by the London Development Agency. In order to enable this restructuring, a proportion of the settlement was provided upfront. This was agreed with the Treasury to represent good value for money as it ensures the Authority is on a sound financial footing and reduce its interest payments overall - thus providing better value for money for the tax payer. Annex C of the Settlement Letter sets out the agreed gradual reduction in the Authority's debt on a year-by-year basis.

17. The funding covered by this settlement letter stems from monies voted to a number of different government departments as well as my own (namely the Department for Business Innovation and Skills and the Department for Culture Media and Sport). However, in order to improve the transparency and coherence of the process, all funding relating to this new set of responsibilities has all been channelled through my Department's accounts before being paid to the Authority. As such I am the lead Accounting Officer for the Government in relation to this new settlement.
18. As the lead Accounting Officer for the settlement, I am directly responsible for ensuring the level of funding provided is proportionate and provided on a transparent basis. In this context it is important to note that the purpose of the transfer of responsibilities and the accompanying financial settlement was to provide the Authority with a clear and flexible basis from which to work. This overall government objective, taken together with the democratic mandate of the Mayor, and the government's overall shift away from ringfencing, provides the rationale for handing over the settlement in the form of unconditional grants. *'It is the government's aim that all grants to local government be unringfenced as this gives local authorities freedom and flexibility to allocate the money across the range of services they provide to meet local need'* (paragraph 18 of The Accounting Officer System Statement for Local Government)
19. For the remainder of the Spending Review the housing funding passed over to the Authority represents that required to meet existing programme allocations and contractual commitments in London agreed to by the Homes and Communities Agency following ministerial approval and a robust assessment process by the HCA. Criteria for funding included: meeting local needs and priorities; offering good value for money; having a realistic prospect of delivery within the programme timeframe; conforming to the definition of social housing (as defined in sections 68-71 of the Housing and Regeneration Act 2008); and that the Registered Provider meets the Homes and Communities Agency's regulatory standards framework.
20. For the remainder of the Spending Review the Olympic legacy funding passed to the Authority provides a contribution towards the London Legacy Development Corporation. The Corporation aims to ensure the Olympic Park and the surrounding area is sustainable and

economically viable after the Games. The level of funding provided assumes that public costs will be kept to a minimum and that the London Legacy Development Corporation will maximise proceeds from its assets to enable it to repay the Exchequer and the Lottery for their contribution to the Olympic Public Sector Funding Package (as enshrined in a legal receipts sharing agreement).

21. For the remainder of the Spending Review the economic development funding passed to the Authority comprises that agreed as part of the Spending Review for the London Development Agency. The Funding Agreement stated that this was 'limited to that required to meet legal commitments forecast to the Department for Business and Innovation and Skills at September 2010'. The funding also contains the monies agreed to be sufficient to meet the transition costs of closing the LDA and moving the function under direct Mayoral control.
22. In order to ensure full transparency, the Department has agreed an Implementation letter which I issued to the Head of Paid Service at the Authority on 14th August 2012. This letter captures in full the necessary adjustments to accommodate 2011-12 end year positions from the transferring programmes and bodies and sets out the resulting respective positions of the Government and the Authority. This implementation letter will be reissued annually to maintain full transparency. This full and up-to-date account of the funding settlement contained in this letter is set out at Annex A.

Ensuring regularity and propriety at a local level

23. I am also accountable for ensuring the system of checks and balances for the Authority provides the necessary assurances that money is spent with regularity, propriety and value for money. All expenditure accrued by Authority will be liable to the following local checks:

- **Clarity about who is accountable** for spending decisions. Accountability lies with the democratically-elected Mayor.
- The **scrutiny and challenge role of the Assembly** and its committees and Audit Panel.
- A set of **financial duties and rules** which require the Authority to act prudently in its spending.
- Internal checks that the rules are followed through the **duties placed on the Chief Finance Officer**.
- **External audit** of the Authority and its functional bodies required in statute.
- **Transparency requirements**. Through publication of an annual budget and accounts and the various Mayoral strategies. The Authority is also subject to the same Code of Practice on transparency as other local authorities.

Accountability for spending decisions rest with the Mayor

24. The Greater London Authority Act 1999 established a strong Mayoral model with a powerful directly elected Mayor and the Assembly as a scrutiny body with no executive powers. The Greater London Authority is comprised of the Authority itself headed by the Mayor and its functional bodies which are, as of April 2012, Transport for London, the Mayor's Office for Policing and Crime, the London Fire and Emergency Planning Authority and the London Legacy Development Corporation. The Mayor retains strong controls over all four in terms of appointments, budget-setting and strategy. He also has powers to direct each of his functional bodies.
25. The Mayor has a strong incentive to achieve value for money. Within a limited financial envelope, he and his Authority are under legal duties to carry out a wide range of functions, and can be voted out for not delivering against them. The Authority is also under a legal duty of best value which means they have to achieve continuous improvement in how they deliver their functions.

The scrutiny and challenge role for the Assembly

26. The core role of the Assembly is to scrutinise the Mayor. The legislative framework provides for a series of ways in which the Assembly may hold the Mayor to account:
- The Mayor must consult the Assembly on his budget proposals for the GLA (GLA Act 1999 sch. 6) and about the Authority's statutory capital spending plan (GLA Act 1999 s123)
 - The Assembly may veto the budget as a whole or make amendments by a two-thirds majority (GLA Act 1999 sch. 6)
 - The Mayor is required to consult the Assembly on his draft strategies (GLA Act 1999 s42) and the Mayor must have regard to the Assembly's comments (GLA Act 1999 s42A as inserted by the GLA Act 2007 s2(2)). The Assembly may also reject any statutory strategy by a two-thirds majority (GLA Act 1999 s42B as inserted by the Localism Act 2011)
 - The Mayor must attend ten Mayor's Question Time meetings per year and answer Assembly Members' questions relating to the statutory functions exercisable by the Mayor (GLA Act 1999 s45(3))
 - The Mayor is required to present a report to the Assembly in advance of each Mayor's Question Time outlining his decisions and the reasons for those decisions (GLA Act 1999 s45)
 - The Mayor must respond to formal proposals made to him by the Assembly (GLA Act 1999 s45 (2)(c))
 - The Mayor must inform the Assembly of any direct appointment made by the Mayor (GLA Act 1999 s67) and can hold non-binding confirmation hearings (GLA Act 2007)

27. There are also a number of Assembly committees who meet publicly and have a remit to scrutinise the Mayor on topics that relate directly to financial accountability namely the Audit Panel, Budget and Performance Committee and the Economy, Culture and Sport Committee. The Assembly and its Committees may require the attendance of certain individuals or the handing over of documents in their possession. The specified persons are: politically restricted members of staff of the Authority and its functional bodies; people or organisations who have received grants from the Authority; people who have or have had contractual relations with the Authority. Failure to answer questions properly or conceal information is an offence which can result in a fine or imprisonment of up to three months.
28. In addition the public can scrutinise the Mayor via the Mayor's annual 'State of London debate' and 'People's Question Time' which is required in statute to be held twice a year.

The financial duties and rules

29. The Authority is subject to a range of statutory rules governing financial propriety in much the same way as local authorities are. The main legal duties set out in legislation are summarised in the paragraphs below:
30. In handling the routine management of their budget the Authority must set their council tax at a level that will balance their consolidated and component budgets i.e. for the Authority as a whole and for each of their functional bodies (Part 3 of the Greater London Authority Act 1999). Section 85 of this Act sets out in great detail the inputs that the Authority must take into account and specify in doing so including forecast expenditure and the level of reserves that are estimated will be drawn upon. Part 3 also provides for a series of opportunities for the Secretary of State to make regulations to steer the basis on which this is calculated. For example, under Section 86(5) the Secretary of State may make regulations to alter the constituents of any calculations to be made or the rules governing the making of these calculations.
31. The Mayor is also required under section 122 to prepare a capital spending plan for each functional body. This is prepared in draft and presented to the Assembly who are invited to comment. After which a copy is sent to the Secretary of State, the Assembly and each functional body. The plan covers:
- the anticipated capital grants;
 - the amount at the beginning of the financial year of the body's capital receipts;
 - the amount by which the body's capital receipts might reasonably be expected to increase;
 - the minimum level of grant the Authority is to pay the body;
 - the total amount of borrowing the body is expecting to undertake;

- the total expenditure expected by the body.
32. The Authority must also restrict borrowing to what is affordable. The Mayor is required under Section 3 (2) of the Local Government Act 2003 to set an “Authorised Limit” for external debt for the Authority and each functional body, which includes direct borrowing as well as other long-term liabilities,. Alongside these limits the Mayor also approves the Prudential Indicators for the Greater London Authority Group and the associated Capital Financing Requirements as is required under the Chartered Institute for Public Finance and Accountancy Prudential Code.

Internal checks – the role of the Chief Finance Officer

33. The Mayor and Assembly acting jointly are required to appoint a Chief Finance Officer (section 127A of the GLA Act 1999) who is the equivalent of a section 151 officer in any other local authority. This person cannot also be a personal appointee of the Mayor under section 67(1) of the same Act and must be a qualified accountant.
34. Being responsible for the proper administration of the Authority’s financial affairs” the Chief Finance officer has a role in helping the Authority to fulfil their financial duties, which includes achieving best value. He can offer expert advice to the Mayor, his advisers and officers in the Authority and its functional bodies, and drive value for money through the organisation. The Chartered Institute of Public Finance and Accountancy statement, *The Role of the Chief Financial Officer in Local Government*¹⁰ (Chief Finance Officer statement), makes it clear that achieving best value is expected of section 151 officers as part of their professional standards. Key requirements of the role are:
- being a key member of the Leadership Team;
 - being actively involved in all business decisions to ensure opportunities and risks are fully considered and aligned with the authority’s financial strategy; and
 - leading the promotion and delivery of good financial management so that public money is used appropriately, economically, efficiently and effectively.
35. The *Code of Practice on Local Authority Accounting in the United Kingdom*¹¹ requires authorities, in their annual governance statements published with their annual accounts, either to state that they comply with the Chief Finance Officer statement or to explain how their arrangements deliver the same impact. This code is designated in regulations as *DCLG Accounting Officer Accountability System Statement for Local Government* (page 10).
36. Where the routine processes highlighted above fail, section 114 of the Local Government Finance Act 1988 (as amended by the Greater

London Authority Act 1999) requires the Chief Finance Officer to issue a report to each member of the Assembly and the Mayor about unlawful expenditure (planned or already undertaken) or if actions will produce an unbalanced budget. In doing so the Chief Finance Officer will confer with the Authority's Head of Paid Service, its statutory Monitoring Officer and either the Chief Executives of the functional bodies/a named nominee. If such a report is produced the Assembly must consider it at a meeting to be held within 21 days at which they must decide what if any recommendations to make to the Mayor. The Mayor, who must attend this meeting, must then decide what, if any, action to take within a further 14 days. In the intervening period between the report being issued and the Mayoral decision, the Authority is prohibited from entering into new agreements that will incur expenditure.

External checks – the requirement for independent audit

37. The system also includes external checks, such as an independent audit. The GLA and each of its functional bodies are required to have an annual external audit under the Audit Commission Act 1998. The auditor is required to satisfy himself that the financial statements are prepared in accordance with regulations and other statutory requirements, have been compiled according to proper practise and that proper arrangements are in place in the authority to achieve effectiveness, efficiency and economy in its use of resources (Section 5).
38. In addition, the auditor is under a duty to “make a report in the public interest” if necessary (under section 8 of the Act). In the case of the GLA, this “Public Interest Report” or recommendations made by the auditor must be considered by the London Assembly at a meeting notice of which has been published locally and which the Mayor must attend. The Assembly makes recommendations to the Mayor who must decide whether and what action is required. The Mayor and Assembly must undertake their responsibilities within one month of receipt (section 11A). Similar arrangements exist for the functional bodies to consider any auditors’ Public Interest Reports and recommendations.
39. The auditor has powers to ensure they have the information they need. The auditor “has a right of access at all reasonable times to every document relating to a body subject to audit which appears to him necessary for the purposes of his functions” (section 6). Audited bodies are required to co-operate with their appointed auditor. Auditors also have powers to apply to court if an item of account appears to be contrary to law, and apply for judicial review with respect to any decision of a body, or failure of a body to act, which it is reasonable to believe would have an effect on the accounts of that body.
40. Auditors are currently appointed to the GLA and functional bodies by the Audit Commission, under the Audit Commission Act. The

Government has stated its intention to close the Audit Commission and establish a new framework for local public audit: this was set out in the draft Local Audit Bill published for consultation on 6th July 2012. The Government proposes to retain the work of the auditors broadly the same as currently, and would like to see a risk based and proportionate approach to the auditors' assessment of the arrangements for securing economy, efficiency and effectiveness.

41. Under the new arrangements, the GLA (and functional bodies) will appoint their own independent auditors (with the appointment made jointly by the Mayor and Assembly in the case of the Authority itself), based on advice from an independent audit panel. The Financial Reporting Council and National Audit Office will oversee the new audit framework.

Transparency

42. The Department for Communities and Local Government has produced a *Code of Recommended Practice for Local Authorities on Data Transparency*. This code applies to the Authority 'in so far as this refers to functions exercised by the Mayor' i.e. the Authority and its functional bodies but not the Assembly given its predominantly scrutiny role. Subject to consultation later in 2012, Ministers are minded to make the Code a legally binding requirement to ensure authorities can be held fully accountable to the local people they serve. The code sets out that, as a minimum, the public data that should be released includes:

- **Expenditure over £500**, (including costs, supplier and transaction information). The current Mayor has said he will go further and publish details of any expenditure above £250.
- **Senior employee salaries**, names (with the option for individuals to refuse to consent for their name to be published), job descriptions, responsibilities, budgets and numbers of staff.
- **Councillor allowances** and expenses.
- **Copies of contracts** and tenders to businesses and to the voluntary community and social enterprise sector;
- **Grants** to the voluntary community and social enterprise sector should be clearly itemised and listed.
- **Policies, performance, external audits and key inspections** and key indicators on the authorities' fiscal and financial position.

43. The Government has also increased the transparency and openness of the Authority's functional body, Transport for London, and any Mayoral Development Corporations through the Localism Act 2011. The Act applied the requirements to hold meetings in public and make agendas and papers available to the public (established in Part 5A of the Local Government Act 1972) to Transport for London and any Mayoral Development Corporations that are created. The requirements already

applied to the Authority, the Assembly and the Metropolitan Police and the London Fire and Emergency Planning Authority.

Powers of intervention

44. The Local Government Act 1999 establishes that the Authority and its functional bodies are Best Value authorities (as is the case with all other local authorities). Section 15 of this Act provides a broad reserve power for the Secretary of State to intervene in any Best Value authority if the Secretary of State is satisfied they are failing to comply with the general duties and requirements set out in Part 1 of this Act including the general Best Value duty to *'secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'*. This broad set of intervention powers for the Secretary of State include the ability to direct that an inspection be undertaken; that a performance plan be produced; that the Authority or functional body carry out a review of their functions; and that the Secretary of State can require that particular functions are carried out by him or his nominee.

Structures to promote effective joint working between the Authority and the London boroughs

45. In addition there is a recognition that the effectiveness of Mayoral strategies rest on effective partnerships with a number of stakeholders, most particularly London boroughs. The Mayor and Borough Leaders have established a range of structures to oversee effective joint working and to secure shared objectives. Working through their representative body, London Councils, boroughs nominate to positions on the Mayor's Housing Board, the London Crime Reduction Board, the shadow London Health Improvement Board – which will be moved on to a statutory footing – and the London Local Enterprise Partnership. All of these are chaired by the Mayor or his representative. There is statutory underpinning for collaboration between the GLA and boroughs on the London Waste and Recycling Board and for partnership arrangements across public services in pan London resilience.

Government and the public's continuing interest in housing, economic development and Olympic legacy

The Statement of Expectations

46. In addition to the responsibility to ensure that monies are provided in a regular way, are at a proportionate level and are transparent, the department has also built some additional protections into the framework for the Authority. These elements of the framework are there to ensure that the Government and the public's interests in the policy areas covered by the settlement are protected. The first of these protections is a "Statement of Expectations" agreed with the Authority which was

included as an annex to the Settlement Letter. This set out a number of strategic outcomes that the Authority has agreed to deliver by March 2015. Whilst these commitments are not legally binding, they are a commitment that the public can hold the Authority accountable for. These outcomes are summarised as follows (for the full Statement of Expectations see Annex B of the Settlement Letter):

Housing

- Deliver a minimum of 36,700 affordable homes across London.
- Support London boroughs to meet their commitment to improve in excess of 45,000 social homes to the Decent Homes standard.
- Ensure nobody arriving on London's streets should sleep out for a second night.

Olympic legacy

- Convert, fit out and re-open the Queen Elizabeth Olympic Park and venues.
- Deliver site wide infrastructure, including transport, pedestrian and road bridges, a new cycle circuit and walkways.
- Secure outline planning permission for circa 7,000 homes.
- Deliver employment and training, community engagement, and public realm and development projects in the wider area.
- A series of commitments as to the Mayor's sponsorship of LLDC:
 - sufficiently resource their sponsorship function;
 - agree a document with the LLDC that sets out delegation limits, accountability lines and requirements to seek borrowing approval;
 - ensure the LLDC produces a corporate plan and annual business plans and provides the GLA with monthly financial reports;
 - put in place business planning regimes and value for money assessment and scrutiny processes.

Economic Development

- Accelerate development of Greenwich Peninsula with 1350 homes built by December 2015.
- Renew Croydon and Tottenham town centres.

Other protections built into the framework

47. Aside from the Statement of Expectations there are a series of additional protections that I have ensured are part of the national framework which are set out below:

- **Housing:**

Codifying working practices: A separate Memorandum of Understanding setting out agreed working practices has been agreed between my department and the Authority. This will be supported by detailed appendices on monitoring and data sharing, governance, correspondence and investment programmes which will be kept under regular review.

Data sharing: The Authority will supply quarterly data to my department on housing delivery enabling data setting out comparable housing outcomes for the whole of England including London to be published by my department every six months.

Regulation: The Homes and Communities Agency's powers as the regulator of social housing are unaffected by the shift and a reserve power was taken in the Localism Act for the regulator to direct the Authority not to give financial assistance to a particular provider where that provider is subject to certain types of regulatory intervention (see section 333ZG of the Greater London Authority Act 1999, as amended).

Reserve powers for the Secretary of State: The Secretary of State for Communities and Local Government has the opportunity to modify and approve the statutory Housing Strategy for London which is being revised in 2012.

- **Olympic legacy:**

Legal agreements: There is a separate legally binding agreement between the Government and the Authority to protect the Government's financial interests regarding the receipts from the development of the Olympic Park and its venues. These agreements include providing regular receipt forecasts.

Approval of business cases: In the context of the Olympic Stadium, the Business Case setting out how this will be transformed after the Games will receive separate and specific scrutiny by the Olympic Projects Review Group led by the Department for Culture Media and Sport.

Codifying working practices: The settlement letter provides for the drawing up of a series of protocols between the Government and the Greater London Authority. Officials from my department will agree these with the Authority in relation to the working arrangements of the London Legacy Development Corporation to help ensure that the working arrangements agreed for the Corporation in the Settlement Letter are adhered to.

- **Economic development:**

Reserve powers for the Secretary of State: The Secretary of State for Communities and Local Government has the following set of reserve powers: to reject requests to dispose of land at less than best consideration (s333ZC of the 1999 GLA Act as amended by the Localism Act); to modify or reject the Spatial Development Plan ('the London Plan) on the grounds of either lack of fit with national planning policy or because it would be detrimental to areas outside London (s337(6) of the 1999 Act); and; to modify the Economic Development Plan on either of the same grounds (section 333F (8) of the 1999 Act as amended by the Localism Act) or issue guidance as to how the plan should be drawn up.

Annex A

Reconciled Resources and Capital Payments to the Authority – 6 February Settlement adjusted to current position

	£m	Original Settlement - February 2012					Adjustments				Revised Settlement - May 2012					NOTES
		2011-12	2012-13	2013-14	2014-15	Total	2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15	Total	
LG DEL	RESOURCE															
	Existing Functions	46.444	40.809	37.024	35.225	159.502					46.444	40.809	37.024	35.225	159.502	
	Ordnance Survey top slice	-0.975	-0.902	-0.837	-0.778	-3.492					-0.975	-0.902	-0.837	-0.778	-3.492	
	London Waste & Recycling Board	9.500	1.500	1.500	1.500	14.000					9.500	1.500	1.500	1.500	14.000	
	Homelessness	8.450	8.450	8.450	8.450	33.800					8.450	8.450	8.450	8.450	33.800	
	Community Right to Build							0.600	1.250	1.150					3.000	
	Olympics Transformation		5.418	0.765		6.183						5.418	0.765		6.183	
	Sub-total	63.419	55.275	46.902	44.397	209.993		0.600	1.250	1.150	63.419	55.875	48.152	45.547	212.993	
DCLG DEL	Management of Debt	153.065				153.065					153.065				153.065	
	ERDF management	0.463				0.463					0.463				0.463	Paid in two tranches, £306k pre-Settlement and £157k within the settlement payment in March
	Seaside and Country Homes (Housing Mobility)	0.400				0.400					0.400				0.400	
	LDA closure	25.997				25.997	113.106				139.103				139.103	Paid in advance of settlement
	OPLC receipts (2)						16.575				16.575				16.575	
	OPLC programme costs						11.591				11.591				11.591	Exchequer's share of OPLC receipts recycled back to support management of debt
	HCA Transition costs	0.347				0.347					0.347				0.347	
	Sub-total	180.272				180.272	141.272				321.544				321.544	
RESOURCE TOTAL	243.691	55.275	46.902	44.397	390.265	141.272	0.600	1.250	1.150	384.963	55.875	48.152	45.547	534.537		
DCLG DEL	CAPITAL															
	Balancing line							48.963	-40.000	-8.963		48.963	-40.000	-8.963		
	Existing NAHP Commitments		343.600	169.020	21.480	534.100		14.735				358.335	169.020	21.480	548.835	
	Affordable Rent programme		112.860	213.180	300.960	627.000		-75.661		0.637		37.199	213.180	301.597	551.976	
	First Buy		10.411			10.411		4.210				14.621			14.621	
	Custom Build							5.000				5.000			5.000	
	Property & Regeneration		17.627	9.054	8.266	34.947						17.627	9.054	8.266	34.947	
	Decent Homes - backlog		154.500	194.500	345.480	694.480						154.500	194.500	345.480	694.480	
	Traveller Pitch funding				0.700	0.700		0.850				0.850		0.700	1.550	
	Homelessness change programme			4.350	8.410	12.760							4.350	8.410	12.760	
	Empty Homes		4.125	5.250	5.625	15.000		-0.097	0.241	0.258		4.028	5.491	5.893	15.402	
	Mortgage Rescue		7.400	4.200		11.600		5.600				13.000	4.200		17.200	
	OPLC programme costs (1)	18.230	54.770	84.000	39.000	196.000					18.230	54.770	84.000	39.000	196.000	
	OPLC receipts (2)	16.575				16.575	-16.575									Converted from capital to resource by DCLG
	London Enterprise Fund	10.000				10.000					10.000				10.000	
	LDA Closure (via BIS, 3)	23.106	87.436	38.000		148.542	-23.106	-52.000	-38.000			35.436			35.436	
	London Waste & Recycling Board (via DEFRA)		2.000			2.000						2.000			2.000	
Olympics Transformation (via DCMS)		90.725	170.790	17.245	278.760						90.725	170.790	17.245	278.760		
Olympics - Photovoltaics (via DCMS)							2.250				2.250			2.250		
CAPITAL TOTAL	67.911	885.454	892.344	747.166	2,592.875	-39.681	-46.150	-77.759	-8.068	28.230	839.304	814.585	739.098	2,421.217		
TOTAL SETTLEMENT	311.602	940.729	939.246	791.563	2,983.140	101.591	-45.550	-76.509	-6.918	413.193	895.179	862.737	784.645	2,985.754		