

Greater London Authority

Annual Governance Statement 2016-17

Contents

1. THE GLA'S GOVERNANCE RESPONSIBILITIES	3
2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK	4
3. THE GLA'S GOVERNANCE FRAMEWORK	5
4. LONDON ASSEMBLY SCRUTINY OF GOVERNANCE ISSUES	25
5. EXTANT RISKS AND GOVERNANCE CHALLENGES	26
6. CONCLUSION AND DISCLOSURE	28
APPENDIX A: INTERNAL AUDIT ASSURANCE RATINGS IN 2016-17	29
APPENDIX B: MAYORAL DIRECTIONS ISSUED TO THE GLA'S FUNCTIONAL BODIES IN 2016-17	31
APPENDIX C: GOVERNANCE AND RELATED ISSUES RAISED BY THE ASSEMBLY	33
APPENDIX D: COMMENTARY ON PREVIOUSLY IDENTIFIED GOVERNANCE CHALLENGES	37

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 2016-17. 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 Services, Executive Director of Resources (Chief Financial Officer) and Monitoring Officer – who each also 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 Head 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 the Governance and Finance 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 and External Audit
 - the London Assembly, through the work of its scrutiny committees and the comments provided directly by its Audit Panel and GLA Oversight Committee.
- 1.6. Although the focus is naturally on 2016-17, this AGS also reflects on developments between the end of that financial year and September 2017 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 Department for Communities and Local Government (DCLG). DCLG 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/uploads/system/uploads/attachment_data/file/128876/2238554.pdf
- 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, all 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 2016-17 and continues to be a high-profile and well-understood element of the GLA's governance arrangements.
- 3.6. A change in Mayor in May 2016 meant there were a significant number of Mayoral appointments in the year: staffing appointments to his immediate team (the '10+2') and to outside boards and other bodies. Significant planning was undertaken before the election to ensure these appointments could be made swiftly to support the new administration and good governance. The GLA's Protocol for Mayoral Appointments sets down the process by which these Mayoral appointments were made and details the conduct requirements for appointees.
- 3.7. The London Assembly scrutinised the appointment of the new Night Czar to the Mayor's wider team and this is reflected on at Appendix C.
- 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 October 2015 and again in April 2017. There was a particular focus on two pre-election periods: for the 4 May 2016 GLA Elections; and then for the 8 June 2017 General Election. All staff were briefed ahead of the GLA elections. To do so, the Monitoring Officer used the intranet, staff newsletter and met with specific teams. The Mayor's Office and Assembly party groups were similarly briefed. The Use of Resources guidance was supplemented by advice for partners and, as before, was complemented by specific advice pertaining to the use of social media. These messages were again reinforced ahead of the General Election, with clear communications to staff about the date on which the pre-election period began, advice in response to specific queries and close monitoring of the GLA's proposed publicity.
- 3.10. The GLA has a documented 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 to the GLA Oversight Committee on a six-monthly basis.

- 3.11. 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. The policy was reviewed and updated during 2017 to ensure it continued to comply with best practice. The policy was signed off in July and promoted to staff, focussing on the routes for and the importance of whistleblowing.
- 3.12. There was one instance of whistleblowing in the year. This was linked to alleged wrongdoing by a third party or parties in receipt of GLA grant funding. The matter has been thoroughly investigated and management action is currently being undertaken.

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

- 3.13. The GLA's decision-making framework requires compliance with relevant laws, internal policies and procedures, and the GLA's Executive Director of Resources and Head of Finance and Governance are responsible for ensuring that appropriate professional advice on finance and legal matters is available and properly recorded.
- 3.14. 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. For example, during 2016-17 TfL Legal supported the GLA – with advice from an external law firm also – to develop an Anti-Money Laundering Policy and is advising also on the implications for the GLA arising from The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. The policy was launched in July 2017 and will be embedded over the year, including through training.
- 3.15. 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.
- 3.16. Towards the end of 2016-17, Internal Audit undertook a review looking specifically at GLA policies that form part of the GLA's governance framework. The review found there was adequate assurance, with relevant controls generally operating effectively. Recommendations included putting in place guidance to support the development of these policies, bringing together a comprehensive list of GLA policies and ensuring each policy included clear information about ownership, publication and review dates (i.e. 'meta-data'). Action will be taken to address these points over 2017-18. But significant progress has already been made in respect of a number of the GLA's core governance

documents. 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') were all reviewed and updated in 2016-17 and 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.

- 3.17. One of the changes to the Contracts and Funding Code was to ensure the GLA complies with the new 'IR35' regulations; rules affecting tax and National Insurance contributions for those contracted to work for the GLA through an intermediary. This is part of wider work to embed compliance including through the GLA's decision-making framework.
- 3.18. The GLA's 'Bonfire of the Bureaucracies' group continued to meet during 2016-17 to steer work to streamline GLA procedures and processes and help staff to follow them. The group is chaired by the Executive Director of Resources, underlining and supporting its mandate to adapt processes large and small across the GLA. Examples of the work overseen by the group include new procurement guidance to support compliance with GLA practices in this area and more focussed sign off processes for certain forms.
- 3.19. Another example relates to the GLA's Security Policy. Until November 2016 important bits of policy, instructions and information on security matters relevant to staff and managers, along with the rules for the issuing of security passes, were contained in a number of separate documents. These had evolved in a somewhat piecemeal fashion over time and this, combined with the quantity of documents, made it difficult for people to find the information they were seeking. These various documents were reviewed and streamlined into a Security Policy and a Building Security Pass issue procedure, then endorsed by the Corporate Management Team. These documents are now embedded, better understood and have improved safety and security at City Hall.
- 3.20. BOB will continue to review, streamline and improve processes over 2017-18. Upgrades have already been made to the GLA's intranet that will support further improvements to approval processes.
- 3.21. 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, which is mandatory for all new starters, was refreshed in 2016-17, bringing it up to date and adding content on information governance and procurement. All staff were encouraged to retake the module. In 2017-18 the GLA will review completion rates and follow up as necessary with staff that have yet to complete the module.

Documenting a commitment to openness and acting in the public interest

- 3.22. 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 the exemptions set out in the Freedom of Information Act 2000 or Environment Information Regulations 2004 (EIR) applies; or publication would be prohibitively costly.

- 3.23. The 'Governance and spending' section of london.gov.uk serves as a transparency portal making readily information 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.
- 3.24. Interests, gifts and hospitality are published for the Mayor, Deputy Mayor, Mayoral Directors 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 2017-18 to ensure it is current.
- 3.25. All payments over £250 are published on the GLA's website along with Mayoral, Director and Assistant Director decision forms.
- 3.26. The award winning London Datastore makes available a variety of city data, and has seen unique visits rise to over 70,000 per month
- 3.27. In October 2016 the Mayor wrote to the Assembly highlighting the steps he had and would be taking to make the GLA and the wider GLA Group more open. That included enhancing the transparency provisions in the revised GLA Group Corporate Governance Framework and publishing gender pay audits. Further steps identified were a focus on making the development process more open and making more consistent use of the London Datastore to publish and bring together GLA Group transparency information.
- 3.28. The GLA places a priority on responding promptly and comprehensively to Freedom of Information requests. A significantly higher number of requests were received to in 2016-17 than any previous year. Performance, however, remains good: 92 per cent of requests were responded to within 20 working days (or a permitted extension). The resources of the corporate Information Governance Team were reviewed in the year and have been bolstered by an additional post, reflecting also an increase in data protection work.
- 3.29. In 2016-17, the incoming Mayor identified a number of areas for focussed reviews, looking at past decisions and processes, identifying risks and also bringing greater transparency to these areas. This included reviews of the Old Oak and Park Royal Development Corporation (OPDC), the Garden Bridge project and a review of the London Stadium that will conclude in 2017-18.
- 3.30. 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

- 3.31. 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 Mayorality 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.
- 3.32. 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 social media.
- 3.33. Talk London is an inclusive, vibrant online community of 39,000 people created by City Hall to place Londoners at the centre of our strategies and programmes by involving them in meaningful research, debate and consultation about how to improve the capital. This year the GLA had more than 30,000 contributions to policy consultations and debate, including 15,000 Londoners who shared their views on how to clean up London's air.
- 3.34. Other channels of consultation include our bi-monthly 'Talking Points' survey; a monthly online survey, representative of the London population; and consultation on the Mayor's vision for London 'A City for all Londoners'.
- 3.35. 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. In 2016 the GLA launched new channels for Instagram and Facebook, alongside its suite of Twitter channels, email marketing and web-based communications. All of these digital channels have seen an increase in levels of engagement and size of audience over the past year.
- 3.36. 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 review of the unit's services is being undertaken to support quicker responses, including via social media.
- 3.37. 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

- 3.38. 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; press briefings and press releases; and meetings with stakeholders and agents.
- 3.39. In October 2016, the Mayor published 'A City for All Londoners', which set out his direction of travel for a set of new Mayoral statutory strategies. The document was put to consultation in a number of thematic workshops with relevant stakeholders, the results of which have informed subsequent strategy development.
- 3.40. New statutory strategies will set out the Mayor's long-term objectives for the city across different policy areas. Integrated Impact Assessments are being undertaken for all of the strategies – to establish how equalities, health, sustainability, climate change and community safety will be affected by proposed policies – and to be taken into account in the final versions. A Strategy Coordination Group was set up to ensure the strategies speak to each other and are mutually supporting.
- 3.41. Each strategy is being published in draft and effort is being taken to encourage input. Not just from the statutory consultees – the London Assembly (which also has a power to reject the statutory strategies with a two thirds majority), the functional bodies and the London boroughs – but from all Londoners. The first draft strategy to be published was the Transport Strategy alongside an Easy Read version and an introductory video to make it more accessible.
- 3.42. A Diversity and Inclusion Strategy is being developed also. The strategy will build on a vision document published in summer 2017 to set out the direction of travel, suggest priorities for consultation and act as a call for evidence of need, inequalities and what works.

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

- 3.43. 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.

- 3.44. The incoming Mayor's budget guidance, published in July 2016, sought to bring about a fundamental review of all of the GLA Group's expenditure, with significant changes in resource allocations to support his policy agenda. This was reflected in a final budget that aligned funding to Mayoral deliverables such as a record investment in new affordable homes, improving air quality and making transport more affordable.
- 3.45. In addition, all significant decisions (see paragraph 3.51) must be explicitly linked back to the Mayor's priorities and/or strategies.
- 3.46. The GLA undertook a thorough programme of work, led by the Head of Paid Service, over 2015-16 and into 2016-17 to plan for political transition and support the reorientation of priorities. This was in line with the GLA's published guide 'Contingency planning for political transition' that sought also to introduce candidates to the GLA's core governance structures and policies.
- 3.47. Refreshing and renewing partnership arrangements so as to support delivery of the Mayor's priorities was a focus for 2016-17. For example, the Mayor established a new Homes for Londoners Board, which he chairs, to bring together expertise and achieve a genuine step-change in the approach to, and delivery of, housing in London.
- 3.48. Following a review of its constitution and membership, the London Enterprise Panel was relaunched as the London Economic Action Partnership (LEAP) in December 2016. LEAP aims to be a more representative, streamlined, and business-led body. This includes an increase in the number of business representatives, of which half are now women, and greater representation from London's entrepreneurs and small businesses. LEAP remains one of the GLA's most important partnerships. Although it does not formally take decisions, it does have significant influence over decisions that are ultimately taken by the GLA. To reflect this role, a full Assurance Framework has been developed and implemented in line with Government guidelines.

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

- 3.49. The Mayoral Scheme of Delegation published in May 2016 was the version in force for the remainder of 2016-17. The scheme was, however, subject to a thorough review – alongside other core corporate governance documents (see paragraph 3.16) – towards the end of the year and reissued at the start of 2017-18. Changes include:
- 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; and
 - a new section was added on the Mayor's role vis-à-vis the functional bodies.
- 3.50. 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; and
 - Mayoral decision form (MD) for over £150,000.
- 3.51. Decision Form templates continue to mandate that legal and financial advice are included; and also that equalities implications, risks and links to the Mayor's vision are set out.
- 3.52. A new informal advisory board – the Corporate Investment Board (CIB) – was established in 2016-17. CIB reviews Decisions Forms before they are approved by, as applicable, the Mayor, an Executive Director or Assistant Director. It also reviews, among other things, matters of significance or potential significance that may involve the exercise of a Mayoral Power. 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.
- 3.53. The London Assembly's Scheme of Delegation is reviewed annually and reaffirmed at its annual meeting.
- 3.54. 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.
- 3.55. 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. Dame Margaret Hodge MP's review of the Garden Bridge made recommendations about the use of Mayoral direction. Although these pertained primarily to the interaction of direction and TfL decision-making processes, this nevertheless reinforces the need for close monitoring of how and when they are used.

- 3.56. GLA companies are another avenue through which decisions may be taken. The process is defined by Mayoral Decision-Making in the GLA, integrated with the GLA's decision making arrangements, and reviewed periodically alongside the regular review of that document. The Mayor has approved the acquisition of SME Wholesale Finance London Limited, which will become the GLA's third subsidiary company. Due diligence was undertaken in the year and governance and delegation arrangements will be put in place alongside completion of the acquisition.
- 3.57. 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 own decision making processes.
- 3.58. The GLA's Use of Statistics Code of Practice and Data Quality Framework (DQF) exist to ensure the GLA produces, makes use of and publishes data which meet widely recognised and exacting standards. The DQF was reviewed and updated in October 2016 and is reviewed every two years. The Use of Statistics Code is being reviewed with a view to bringing in to line with the Office of National Statistics' approach.

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

- 3.59. Overview 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.
- 3.60. 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.
- 3.61. In addition to the regular and periodic performance monitoring activities, the Assembly's scrutiny function encouraged constructive challenge and provided impetus for enhancing performance.
- 3.62. During 2016-17 the GLA began to review and refresh its approach to performance management and budget monitoring. For the latter, reporting cycles have been reviewed and aligned across the GLA Group so that information is available sooner after quarter-end, with review meetings at City Hall to look at risks and issues.
- 3.63. A high-level steering group, chaired by the Chief of Staff and including the Mayoral Director of Policy and Head of Paid Service also, has been set up to re-orientate the GLA's performance management arrangements with a closer focus on outcomes linked to the Mayor's commitments and statutory strategy strategies. Performance and

financial information will be more closely integrated. Embedding this new approach, with input from the London Assembly, will be a priority for 2017-18.

- 3.64. 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; for example, to deliver the new GLA Open Project System.
- 3.65. The GLA publishes an annual report reflected 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

- 3.66. The Mayor's principal role as the executive of the strategic Authority for London is to promote economic development and wealth creation, social development, and the improvement of the environment. The Mayor has strong executive powers to provide strategic leadership and a range of duties and responsibilities designed to ensure that the programme on which he was elected can be delivered.
- 3.67. 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 is covered by a dedicated scheme of delegation.
- 3.68. There is also a documented Scheme of Delegation in respect of the Head of Paid Service's statutory staffing responsibilities for the GLA.
- 3.69. 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.
- 3.70. Information about the governance of the GLA's partnerships is set out from paragraph 3.100.

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)

- 3.71. CIPFA's Statement on the Role of the Chief Financial Officer lists five principles, set out below together with how the GLA meets each.

- *Principle 1: The chief financial officer in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.*
 - The Executive Director of Resources is the GLA's Chief Financial Officer and was in 2016-17 a member of both the Corporate Management Team (CMT) and the weekly Corporate Investment Board. He also chaired the officer level Governance Steering Group. All Mayoral and Director Decision Forms must be signed by the Executive Director of Resources – an additional check to ensure probity in the GLA's expenditure of public funds.
- *Principle 2: The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.*
 - As noted above, all MD and DD Forms must be signed by the Executive Director of Resources, ensuring that all material decisions have the input of the GLA's Chief Financial Officer. The decision pro formas include sections on both risks and financial implications. The organisation's financial strategy is overseen by the Executive Director of Resources with the support of the Head of Finance and Governance and his team. The strategy and its implementation are scrutinised by the Assembly and its Budget & Performance Committee and Budget Monitoring Sub-Committee.
- *Principle 3: The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.*
 - The Executive Director of Resources is accountable to both the Mayor and the Assembly for the good financial management of the organisation's finances. Value for money is a key principle underlying the GLA's approach and its Chief Financial Officer has led on delivering efficiency programmes, including the shared service and procurement initiatives. The Assembly meets in public and regularly questions the Executive Director of Resources and other senior officials on their stewardship of funds.
- *Principle 4: The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose*
 - The Executive Director of Resources line manages both the Head of Finance and Governance (GLA focus) and the Assistant Director of Group Finance (GLA Group focus) under whom the GLA's finance staff sit. Finance staff focus on key priorities such as treasury management, budget monitoring, financial advice and presentation of financial information. The team includes suitably qualified and experienced individuals covering a wide range of technical, GLA and GLA Group financial issues.
- *Principle 5: The CFO in a local authority must be professionally qualified and suitably experienced*

- The role description for the post of Executive Director of Resources requires the post-holder to be a qualified accountant with suitable experience. The current post-holder is a member of CIPFA and has over thirty years' experience of working in public sector finance. There is also significant experience of financial administration in the public sector within the finance team.

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

- 3.72. The GLA's Monitoring Officer works with the Authority's elected politicians and chief officers to promote high standards of ethical conduct.
- 3.73. 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 Head of Governance, to provide advice to the Authority on corporate governance matters, including matters relating to the proper use of the Authority's resources.
- 3.74. The Monitoring Officer seeks to be fully transparent in the conduct of his 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 2016-17 can be found at item 11 of the agenda for the 28 March 2017 meeting of the Assembly's Audit Panel.

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

- 3.75. The Head of Paid Service (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.
- 3.76. 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. These documents will be reviewed and updated in 2017-18.

- 3.77. The Assembly has delegated its role as a consultee in this regard to the GLA Oversight Committee. In 2016-17 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.
- 3.78. The roles of the HOPS and Greater London Returning Officer (GLRO) are vested in the same individual. Appropriate arrangements were in place throughout the year to ensure the GLRO role was discharged effectively, including: a dedicated budget; a dedicated and formal decision making process (through GLRO decision forms); and a structured programme approach to effectively delivery the 2016 elections.

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

- 3.79. 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. The programme supports the achievement of the organisation's aims and objectives and a high performance culture at the GLA.
- 3.80. Good corporate governance principles are incorporated into wider induction programmes for all staff and elected members. On-line corporate governance training is mandatory for all staff and take-up is monitored. The content is refreshed regularly to reflect developments in practice.
- 3.81. Using the framework set down in 'Contingency planning for political transition', the GLA developed briefing material for the incoming Mayoral administration. There was a focus also on induction arrangements for new Assembly Members. 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.
- 3.82. 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

- 3.83. The GLA's approach to risk management is set out in its Risk Management Framework (RMF). It describes how the GLA realises the benefits of risk management by:

- communicating the value derived from, and the importance the GLA places on, effective risk management;
 - setting out ten principles to underpin the GLA's approach to risk management;
 - highlighting the practices and mechanisms that are at the core of the GLA's risk management framework;
 - being clear about what the GLA expects of its staff – their roles and responsibilities – in managing risk; and
 - providing practical guidance, grounded in best practice, for staff to follow.
- 3.84. The Framework was most recently reviewed and refreshed for September 2016. The review ensured the framework remained consistent with best practice and took account of feedback from GLA project managers.
- 3.85. 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.
- 3.86. Each Executive Director is now required to provide 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.
- 3.87. The RMF was reviewed in quarter three by Internal Audit and given a 'substantial' rating – up from 'adequate' previously.

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

- 3.88. 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 2017-18.
- 3.89. The GLA's anti-fraud framework, drawing on input from Internal Audit, was reviewed and refreshed in 2017 and published in July 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 (see paragraph 3.16). The document will be promoted to all staff later this year. Published alongside

the revised Fraud and Corruption Policy was a new Anti-Money Laundering Policy (see paragraph 3.14).

- 3.90. The GLA's Fraud Response Plan was invoked once in 2016-17 (see paragraph 3.12). Management action is ongoing, with senior officers, the Chief of Staff and Audit Panel all briefed.
- 3.91. 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. This work has been folded into the GLA Open Project System. The system is now up and running for grants given through the Affordable Housing Programme. The ambition in future is to deploy it across other areas of GLA activity and to then use it as a tool to reduce fraud risk.

Ensuring an effective scrutiny function is in place

- 3.92. 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.
- 3.93. 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 6 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)

- 3.94. CIPFA's Statement on the Role of the Head of Internal Audit lists five principles, set out below together with how the GLA meets each.
- *Principle 1: The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments.*
 - The GLA's Internal Audit Service is provided by the Mayor's Office for Policing and Crime (MOPAC) and the Head of MOPAC's Internal Audit Function is also Head of Internal Audit for the GLA.

- The Head of Internal Audit advises senior management and the Audit Panel on the principles of good governance and provides an annual assessment of the adequacy and effectiveness of GLA governance and risk management arrangements, based on an approved programme of work. Regular meetings are held between the GLA's senior managers and senior representatives of Internal Audit to discuss emerging risks and proposed developments.
- The annual work programme can be amended, in discussion with the Audit Panel, to reflect additional work identified in order to address significant emerging issues.
- *Principle 2: The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.*
 - The Head of Internal Audit provides an objective annual opinion on the adequacy and effectiveness of governance, risk management and internal control to senior management and the Audit Panel. This draws on evidence from an annual work programme, which is reported in the public domain.
 - Internal Audit reviews and the annual audit opinion inform the GLA's Annual Governance Statement and improvement plans.
- *Principle 3: The Head of Internal Audit must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Panel.*
 - The Head of Internal Audit is a senior manager who engages regularly with and attends meetings involving the Corporate Management Team, other senior managers and the Audit Panel. The Head of Internal Audit provides reports to the Head of Paid Service and Chief Finance Officer.
- *Principle 4: The Head of Internal Audit must lead and direct an internal audit service that is resourced to be fit for purpose.*
 - The Head of Internal Audit conducts an annual assessment of resources required to deliver an appropriately scoped and diverse risk based audit plan. Any concerns or issues would be raised with senior management and as required the Audit Panel.
- *Principle 5: The Head of Internal Audit must be professionally qualified and suitably experienced.*
 - The Head of Internal Audit is a member of the Chartered Institute of Internal Auditors and has thirty years' internal audit experience.

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

- 3.95. 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.

- 3.96. 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.
- 3.97. In the year, its work outside of its routine programme included reviewing the risks to the GLA finances from LLDC activities; reviewing the partnership governance arrangements for the 2017 World Athletics Championships; and looking at the cost recovery activity undertaken by the GLRO in relation to the Authority's e-counting contract and the 2016 GLA elections more generally.

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

- 3.98. 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.
- 3.99. The external auditor's 'Audit Results Report' for 2015-16 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. Any issues flagged by the auditor for 2016-17 will be incorporated into the final version of this AGS; suitable actions will be identified; and the Executive Director of Resources will oversee their implementation.

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

- 3.100. The GLA has three principal groups of partners or stakeholders:
- the companies it has established – Greater London Authority Holdings Limited and its subsidiary GLA Land and Property Limited (GLAP) – to manage its land and property transactions;
 - its permanent functional bodies and the Mayoral Development Corporations (MDCs) it has created in accordance with the provisions of the Localism Act; and
 - London boroughs and other key public sector and business stakeholders across London and beyond.
- 3.101. GLAP is a company wholly owned by the GLA. The company's activities have been fully integrated into the Mayor's Scheme of Delegation for the GLA and regular board

- meetings are held to ensure compliance with company law. The GLA is not aware of any governance issues arising in relation to GLAP.
- 3.102. 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 and Emergency Planning Authority (LFEPA) and the Mayoral Development Corporations (MDCs). There are currently two MDCs: the London Legacy Development Corporation (LLDC) and OPDC.
- 3.103. 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 was approved by the Mayor in November 2016, having been approved in principle by TfL, MOPAC, OPDC, LLDC, LFEPA and the London Assembly.
- 3.104. 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.
- 3.105. The new version:
- establishes a £25 threshold for the reporting of gifts and hospitality across the Group, with all gifts and hospitality by senior staff and Members reported to the relevant audit body;
 - establishes also a common template Register of Interests form has, through the Agreement, been adopted by all relevant bodies within the Group. The form covers both statutory and some non-statutory disclosures so that it meets the requirements of all organisations/boards; and
 - includes enhanced transparency and openness requirements.
- 3.106. 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 on 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. A similar direction will be developed for OPDC in 2017-18, following on from a strategic review of that body that concluded in October 2016.
- 3.107. 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 Culture and Education District (CED) project, which has as its central aim the

creation of a world class cultural and scientific quarter in Queen Elizabeth Olympic Park. Central to this is the CED Programme Board.

- 3.108. In the case of LFEPA, the previous Mayoralty asked DCLG to reform its governance to reflect the Mayor's accountability for decision making and resourcing. Following consultation by Government, the Policing and Crime Bill included provision to streamline decision making by abolishing LFEPA and increasing Mayoral control under new arrangements (the establishment of the London Fire Commissioner – LFC – as a functional body), which will come into being on 1 April 2018. The GLA at that time will ensure Mayoral decision-making as it interacts with the LFC is properly codified and incorporated into Mayoral Decision-Making in the GLA.
- 3.109. The other partnerships in place (i.e. 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 refresh in November 2016. 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:
 - Mayor's Question Time, where the Mayor is required to attend ten meetings of the Assembly per year to answer Assembly Members' questions;
 - responses to statutory consultations, principally relating to Mayoral strategies and the Mayor's budget;
 - confirmation hearings for key appointments;
 - the work of scrutiny committees; and
 - other work on internal corporate governance.
- 4.3. Mayoral nominees for nine 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 nine offices to which non-binding confirmation hearings apply are:
 - Chair and Deputy Chair of Transport for London;
 - Chair of the London Fire and Emergency Planning Authority;
 - Chair of the London Cultural Strategy Group;
 - Chair and Deputy Chair of the London Pensions Fund Authority;
 - Chair of the London Waste and Recycling Board; and
 - Chair of a Mayoral Development Corporation (of which there are currently two).
- 4.5. In the case of a tenth office, the Deputy Mayor for Policing and Crime, the Assembly confirmation hearing is binding for candidates who are not Assembly Members.
- 4.6. Appendix C provides details of governance and related issues raised by the Assembly in 2016-17.

5. Extant risks and governance challenges

Extant risks

- 5.1. When updated in March 2017, there were 23 risks on the corporate risk register – consistent with the number in 2015-16. The most serious risks were:
- 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).
 - London 2012 Legacy: The GLA is exposed to financial risk due to overspends on, or reduced income from, existing LLDC projects, requirement to underwrite risks and provide cashflow support for the cultural and higher education quarter.
 - Health & Safety - City Hall and Squares: Breach in processes/procedures (or procedures not rigorous enough) leading to a health and safety or security incident (including an act of terrorism).
 - 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 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. (New in 2016/17)

Governance challenges

- 5.2. The primary governance challenges for the coming period include:
- Embedding a new performance management framework for the GLA, as referenced at paragraph 3.63.
 - Consulting on and finalising 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 Mayoral Development Corporations: LLDC and OPDC.
 - 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.
 - Pressing for and, where successful implementing, arrangements to deliver devolution; including preparing for the devolution of the adult education budget.

- 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.
- 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.

5.3. Commentary on the governance challenges for 2015-16, 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 2016-17. No significant developments or events relating to the governance system have occurred between the end of the 2016-17 financial year and the signing off of the Authority's financial statements in September 2017. 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 2017-18 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: 14 September 2017



Jeff Jacobs
Head of Paid Service

Date: 14 September 2017

Appendix A: Internal audit assurance ratings in 2016-17

Overview

Internal Audit's Annual Opinion for 2016-17 states:

The GLA governance framework is clearly defined and is in line with best practice to meet statutory requirements. Internal audit reviews conducted during the year show that, overall, the internal control framework can be assessed as adequate. The Head of Internal Audit's overall opinion for 2016/17 is therefore:

The GLA has an effective internal control environment supporting the achievement of its overall strategic objectives.

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

Rating	2016-17	2015-16 (for comparison)
Substantial	4	5
Adequate	7	15
Limited	0	0
No assurance	0	0
Total reviews	11	20

Audit Title	Rating
Disclosure and Barring Services Framework	Adequate
Employment Checks	Adequate
Expenses and Benefits Framework	Adequate
Health and Safety	Substantial
Housing Zones	Substantial
Mayor's Community Infrastructure Levy	Adequate
Open Source Software	Substantial
Partnership Governance - World Athletics Championships	Adequate
Policy Development, Implementation and Review Framework	Adequate
Regeneration Funding - Due Diligence	Substantial
The Bribery Act 2010	Adequate

The ratings arising from follow-up reviews were:

Rating	2016-17	2015-16 (for comparison)
Substantial	11	6
Adequate	4	5
Limited	0	0
No assurance	0	0
Non-standard opinion	0	1
Total reviews	15	12

Audit Title	Rating
Commercial Partnerships and Sponsorship	Substantial
Council Tax Precepting and Business Rates, and Business Rates Supplement	Substantial
Creditors/Accounts Payable – main areas	Adequate
Data Protection and Freedom of Information	Adequate
Estate Management - Physical Security	Substantial
General Ledger	Substantial
GLA Economics	Substantial
Legal Shared Services	Substantial
London Schools Excellence Fund	Adequate
Non-Current Asset	Substantial
RE:FIT Programme	Substantial
Risk Management	Substantial
SAP Control Framework	Substantial
Service Desk, Incident and Problem Management	Substantial
Team London	Adequate

Two systems development / control advice audits were undertaken in 2016-17:

- IOS 20121 - Event sustainability management system; and
- Mayoral Election Review 2016.

Appendix B: Mayoral directions issued to the GLA's functional bodies in 2016-17

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 2016-17, six directions were issued to TfL and one was issued to the LLDC.

MD No.	Body	Title	Date	Decision
1646	LLDC	Queen Elizabeth Olympic Park maintenance obligations: delegation and direction	29/04/16	<p>The Mayor to execute the appended delegation of powers to LLDC and to direct LLDC to exercise the powers so delegated.</p> <p>Powers delegated are those to maintain and upkeep the QEOP (as defined therein) to a standard appropriate to the Park's status and so as to secure its regeneration and development, and to levy and collect a Fixed Estate Charge (as defined therein) from occupiers of the QEOP in furtherance of this. This delegation and direction is made under the powers conferred by section 38(1) of the Greater London Authority Act 1999 (as amended) and section 220 of the Localism Act 2011 (as amended) and all other powers so enabling.</p>
1659	TfL	Apex Junction Improvements	05/05/16	<p>The Mayor directs Transport for London in the form of the Appendix to the Mayoral Decision Form as follows:</p> <p>1. To construct the Apex Junction scheme so that it more closely reflects the visual illustration in the consultation, and in doing so, to carry out appropriate and relevant road safety audits ensuring that the junction is safe and efficient, and obtain highway engineering advice. The scheme should include:</p> <ul style="list-style-type: none"> • a clear, continuous, separately delineated cycle track through the shared space across the junction; and • separate, parallel cycle crossings, within the overall shared space; • installation of appropriate and effective vehicle blockage of Pitfield Street which enables access for emergency service vehicles; and • removal of shared space designation from the surface of the cycle track. <p>2. By 31 October 2016, to commence with the changes to Balls Pond as proposed in Option B of the response to consultation report dated June 2015, and in doing so to carry out appropriate and relevant road safety audits ensuring that the junction is safe and efficient, and obtain highway engineering advice.</p>
2018	TfL	One hour Bus & Tram transfers	02/09/16	<p>The Mayor:</p> <p>1. Approves the proposed revision to TfL fares to be implemented from 11 September 2016 as set out in the decision form; and</p> <p>2. Directs TfL as per the attached Direction issued pursuant to the power in section 155 (1)(c) of the Greater London Authority Act 1999 to implement these fares on 11 September 2016.</p>

MD No.	Body	Title	Date	Decision
2022	TfL	The disposal and/or development of land at Kidbrooke, Royal Borough of Greenwich	17/08/16	That the Mayor directs TfL in relation to the disposal or development of its land at Kidbrooke, which is contemplated to be to a joint venture company (JVCo), in the form at Appendix A to the decision form.
2047	TfL	January 2017 Fare Changes	17/11/16	That the Mayor: 1. Approves the proposed revisions to fares to be implemented from 2 January 2017 as set out in the decision form; and 2. Signs the attached Direction to TfL issued pursuant to the power in section 155 (1)(c) of the Greater London Authority Act 1999 to implement these fares on 2 January 2017.
2048	TfL	To analyse proposals for a third runway at Heathrow	16/11/16	The Mayor: 1. Directs TfL under s 155(1)(c) of the Greater London Authority Act 1999 ('GLA Act') in the terms of the Direction (Appendix 1). 2. Authorises TfL under s 38(1) of the GLA Act to exercise the Mayor's powers under sections 30 and 34 of the GLA Act to undertake the activities required by the Direction in accordance with the terms of the attached delegation (Appendix 2).
2081	TfL	Mayor's Transport Strategy	28/02/17	1. The Mayor directs TfL to: a) Prepare a revised Mayor's Transport Strategy (MTS) and associated Integrated Impact Assessment (IIA); b) Consult statutory consultees and the general public as required in respect of the draft version of the MTS and the IIA; c) Undertake all related post-consultation tasks in respect of the draft MTS and IIA consultation including preparing and providing a report to the Mayor on the consultations; d) Do all the things necessary following the Mayor's publication of the MTS relating to publicity and distribution; e) Prepare revised Local Implementation Plan Guidance. 2. The Mayor authorises TfL to exercise on his behalf all of the functions TfL requires in order to be able to comply with the direction.

Appendix C: Governance and related issues raised by the Assembly

2017-18 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 2017, following consideration of the draft budget, the Assembly considered three amendments, none of which were passed. These are set out in the published minutes of the meeting.

At its meeting in February 2017, 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 two budget related motions, which were both passed and are 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 TfL's finances, uncertainty over business rates income and examined the thinking behind the Mayor's increase in Council Tax, the first such increase since 2008.

In January 2017, the Committee concluded its scrutiny of the Mayor's budget proposals, publishing its Response to the Mayor's draft consultation budget 2017-18. This made a final round of recommendations for the Mayor and commented on a lack of transparency in certain elements of the budget process, particularly with regards to the inconsistent presentation of savings and efficiencies, as well as a 40 per cent reduction in funding for the OPDC.

In his response to the report, the Mayor provided additional information about funding for the police and committed to providing further information about funding for environmental priorities. The Mayor also confirmed that he was doubling contingency funding for the OPDC from £1 million to £2 million.

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 2016-17 was the Mayor's Draft Police and Crime Plan. The London Assembly's Police & Crime Committee has a statutory role in reviewing and responding to the draft plan. Its response was published in late February 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 at the end of March, adopted many of the suggestions made by the Committee. For example, it committed to specific work in the areas of custody healthcare and mental health - issues that the committee has been raising concerns about for some time.

Confirmation hearings

During 2016-17 the London Assembly held six confirmation hearings.

In June 2016, the Police and Crime Committee held a confirmation hearing for the Mayor's proposed appointment of Sophie Linden as Deputy Mayor for Policing and Crime. The Committee agreed that the Mayor should proceed with his proposed appointment.

Also in June 2016, the London Assembly held confirmation hearings for the Mayor's proposed appointments of Fiona Twycross AM as Chair of the London Fire and Emergency Planning Authority and Valerie Shawcross CBE as Deputy Chair of Transport for London. The Confirmation Hearings Committee agreed unanimously that the Mayor should proceed with both appointments.

In February 2017, the Confirmation Hearings Committee put questions to Dr Liz Goodwin OBE, the Mayor's nomination for Chair of the London Waste and Recycling Board. The Committee agreed unanimously that the Mayor should proceed with her appointment.

In April 2017, there were two hearings for the proposed appointments of Ben Evans as Chair of the Cultural Leadership Board (formally known as the Cultural Strategy Group) and Liz Peace CBE as Chair of the Old Oak and Park Royal Development Corporation. The Confirmation Hearings Committee agreed unanimously that the Mayor should proceed with both appointments.

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: Regeneration and Budget Monitoring Sub-Committee. The Budget Monitoring Sub-Committee receives a quarterly monitoring report from LLDC on spending and capital performance.

The Budget Monitoring Sub-Committee examined the rising costs of the London Stadium with LLDC in December 2016. Shortly before the meeting, the media reported that the costs of the Stadium had risen by an additional £51 million – a figure which the LLDC's Chief Executive confirmed during the meeting. The LLDC told the Committee that this would be the final cost increase for the stadium, and that the additional costs were primarily the result of having to appoint a new contractor after the previous contractor went bankrupt.

The Regeneration Committee scrutinises LLDC and OPDC to monitor progress and to identify lessons for other projects across London. It often does this through site visits. For example, it visited the Queen Elizabeth Olympic Park in November to receive an update on the work of the London Legacy Development Corporation. Senior officers from the LLDC gave Members an update on controversial issues in the park – including the financial viability of The Orbit and the proposals to locate concrete batching plants in the Park.

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 nine times in 2016-17.

In November 2016, the Mayor appointed Ms Amy Lamé as London's first Night Czar. Following this announcement, concerns were raised by Assembly Members about how Ms Lamé was recruited to the post. The GLA Oversight Committee examined the recruitment process to confirm the appointment was undertaken in line with the GLA's processes and procedures and to highlight concerns with the content of Ms Lamé's social media presence. Following that meeting and in response to questions raised, the Deputy Mayor for Culture and Creative Industries wrote to the Committee to confirm that the relevant twitter posts had been deleted and to clarify the legal basis for the recruitment process.

With a new Mayor in post, the GLA Oversight Committee also played a role in reviewing the many proposals to restructure, expand or reduce teams in the GLA's establishment. A series of 'proposed changes to the GLA establishment' papers were considered and questions were raised about grading of roles and the costs of accommodating further teams at City Hall, Union Street or elsewhere.

In accordance with Section 36 of the GLA Act 1999 (as amended), the Assembly may make the Standing Orders for the Authority, in consultation with the Mayor. In anticipation of the establishment of a new Fire, Resilience and Emergency Planning Committee, the GLA Oversight

Committee considered changes to the Standing Orders to reflect the new statutory governance arrangements as set out in the Policing & Crime Act 2017. The new Standing Order sets out the core rules and functions of the new Committee. The GLA Oversight Committee agreed that authority be delegated to Tony Arbour AM, as Chairman of the Assembly, to consult the Mayor of London about the proposed changes; and following consultation with the Mayor, to present the final proposed revisions to the GLA's Standing Orders for consideration at the next appropriate meeting of the London Assembly.

Governance and elections

Following each Mayoral and Assembly election, the Assembly reviews the process to learn lessons to better improve the voter experience and to ensure the electoral process runs efficiently. The London Assembly's Election Review Panel published its report into the May 2016 London elections in November 2016 and made a number of recommendations including that guidance/explanation options should be tested with voters in order to improve clarity and reduce rejected votes.

In response to the problem of incorrect electoral registers being sent out to polling stations in Barnet, the Panel also recommended that for the 2020 GLA election every polling station should be prepared to record any incident in a log book, including any person's name and address if they are unable to vote for any reason.

The Assembly's Police & Crime Committee became concerned about the difficulties involved in tackling election fraud and malpractice in London following 164 allegations of electoral fraud being made in the run up to the 2014 Tower Hamlets Mayoral election. Following its review, the Committee wrote to MOPAC to request further investigation into the work carried out by the Met in relation to the Tower Hamlets Mayoral Election.

In a significant move, the Deputy Mayor for Policing and Crime implemented the Committee's recommendation to write to Her Majesty's Inspectorate of Constabulary to request an independent investigation. In addition, the Committee's work prompted the Met to launch its own investigation, Operation Lynemouth, to look at whether there is sufficient evidence to mount criminal prosecutions related to the 2014 Tower Hamlets Mayoral Election.

Appendix D: Commentary on previously identified governance challenges

The 2015-16 Annual Governance Statement set out eight 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	2016-17 developments
<p>Implementing the new Mayor's vision, priorities and programme and accordingly updating statutory strategies and other vision documents and ensuring this feeds through into team work plans.</p>	<ul style="list-style-type: none"> • The Mayor published his 'A City for All Londoners' vision in October 2016, which was then consulted on widely. • Work began in the year to refresh the Mayor's statutory strategies, as highlighted at paragraph 3.40. • The GLA's budget setting process for 2017-18 included a 'star chamber' process to ensure the budget was a reflection of Mayoral priorities.
<p>Flexing performance monitoring arrangements to give the Mayoral Team an accurate picture and drive delivery of the Mayor's programme.</p>	<ul style="list-style-type: none"> • Progress against the Mayor's manifesto commitments was monitored throughout the year. • Detailed project-level information continued to be captured corporately and reported every quarter. • As described at paragraph 3.63, a steering group has been established to oversee a refreshed GLA performance management framework with a greater outcome focus.
<p>Ensure governance and particularly decision-making arrangements that sit alongside and support the delivery of the Mayor's programme are robust and in line with good practice – recognising the new administration may wish to make changes to current arrangements</p>	<ul style="list-style-type: none"> • Mayoral Decision-Making in the GLA – the scheme of delegation that is the touchstone for decision-making in the Authority – was reviewed (with input from the Chief of Staff) and republished in April 2017 (see ref). The fundamental principles and parameters for decision-making were unchanged, providing for continuity. • Mayoral Decision-Making in the GLA was one of four core corporate documents reviewed in the year, ensuring each is consistent with one another and in line with good practice (see paragraph 3.16). • A new informal advisory board, CIB, was established and embedded in the year (see paragraph 3.523.16). It has brought greater coordination to the decision-making process and helps ensure there is a clear line of sight from the Mayor's priorities through to the spending and other decisions to deliver those priorities.
<p>Supporting the Mayor's priorities for devolution of power to London and addressing the governance implications flowing from devolution.</p>	<ul style="list-style-type: none"> • Policy team work-plans have been reoriented where appropriate to give priority to Mayoral devolution ambitions. • There was no significant devolution of powers in 2016-17. A steering group was, however, established to assess the benefits of and plan for the potential devolution of the Adult Education Budget.

Challenge	2016-17 developments
<p>Delivering the Mayor's stated priority to make City Hall more transparent.</p>	<ul style="list-style-type: none"> • This is reflected on from paragraph 3.22 and will continue to be given a high priority of 2017-18.
<p>Managing the transition to a Mayoral model for the governance of London's fire service from April 2017, ensuring that decision making continues to be transparent and that accountability is enhanced.</p>	<ul style="list-style-type: none"> • The transition to the new Mayoral model has been delayed until April 2018.
<p>To ensure any issues that bear on governance at the GLA that the Garden Bridge Review may raise are addressed as necessary.</p>	<ul style="list-style-type: none"> • Dame Margaret Hodge MP's review of the Garden Bridge concluded in April 2017. Recommendations were most pertinent for TfL. TfL's Programmes & Investment Committee received a report responding to the recommendations in June 2017. • The Mayor subsequently decided to revoke the in-principle approvals, given by his predecessor, for certain guarantees intended to support delivery of the project – due to the financial risk they posed to the taxpayer. This was progressed through a Mayoral Decision in May 2017.