

# GREATER LONDON AUTHORITY ACT 1999

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part V: the London Development Agency**

443. The Regional Development Agencies Act 1998 ("the RDA Act") divides England into a number of regions and establishes a development agency for each region (an "RDA"). Each regional development agency is a non departmental public body accountable to the Secretary of State. This Part of the Act amends the RDA Act to make the London Development Agency (LDA) accountable to the Greater London Authority. It does not radically alter the powers, purposes and duties of the LDA, but adapts them to take account of its different status within the framework established for the GLA and its functional bodies.

#### ***Section 304: Appointment of members of the Agency by the Mayor***

444. *Section 304* and *paragraph 20 of Schedule 25* contain provisions on the appointment of members of the agency by the Mayor.
445. Under section 2 of the RDA Act, the Secretary of State appoints the board of RDAs, after carrying out consultations. He also appoints the first Chief Executive of each RDA, approves the appointments of subsequent Chief Executives, may remove members from office under certain conditions and decides the remuneration of members and staff. In London the Mayor, rather than the Secretary of State, will have the powers and duties of appointment, and removal from office, of members of the LDA board. The Mayor must carry out the consultations, laid down in section 2 of the RDA Act (but excluding the obligation to consult rural interests) before making board appointments. He must also consult the Assembly. At least half the board, including the chairman, must appear to the Mayor to have experience in running a business and at least four members must be, or have been at the time of their appointment, elected members of the London Assembly, a London borough council or the Common Council. The Mayor will not be able to make it a condition of the appointment of elected members of local authorities to the board that they should resign if they cease to be elected members of local authorities.
446. The Mayor will appoint the first Chief Executive of the LDA and will approve the appointments of subsequent Chief Executives. The Mayor will be able to determine the remuneration of members and staff.

#### ***Section 305: Delegation of functions by Ministers to the Mayor***

447. *Section 305* contains provisions on the delegation of functions by Ministers to the Mayor.
448. Section 6 of the RDA Act provides for the delegation of certain functions ('eligible' functions) by Ministers to RDAs and lays down the conditions under which such delegations can be made, varied and revoked. The Act inserts into the RDA Act a new section 6A, which applies to the LDA an amended version of section 6 of that Act. The new section 6A provides that a Minister will be able to delegate any eligible function

to the Mayor or, with the Mayor's consent, to the LDA. The scope of the power to delegate functions to the mayor or the LDA is essentially the same as that for delegating functions to the RDAs outside London, in particular, the Minister has power to make a delegation subject to such conditions as the Minister sees fit.

449. The provisions of section 38 of the Act will also apply to the LDA. They will allow the Mayor to delegate further functions to the LDA. If powers are delegated to the LDA in this way, then the Mayor must attach conditions to the delegation to the LDA, in order to ensure that the conditions attached by the Minister to the original delegation to the Mayor will be satisfied.
450. Schedule 3 of the RDA Act will apply to delegations to the Mayor and LDA by virtue of the new section 6A inserted in the RDA Act. That Schedule provides for transfer schemes covering property, rights and liabilities, including staff contracts, which a Minister might consider it appropriate to transfer as a consequence of a function being delegated.

### ***Sections 306 and 307: The London Development Agency strategy***

451. *Sections 306 and 307* provide for the preparation of the London Development Agency Strategy, by inserting new sections 7A and 7B into the RDA Act, which apply an amended version of section 7 of that Act to the LDA. Section 7 of the RDA Act obliges a development agency to formulate and keep under review a strategy in relation to the purposes given to it in section 4 of the RDA Act. The Secretary of State can give an RDA guidance on directions on certain aspects of the strategy, and the RDA must take account of this strategy in carrying out its functions.
452. The new section 7A provides for both the Mayor and the LDA to be involved in preparing and revising the strategy. The LDA's role is to draft the strategy and keep it under review, following any directions and guidance given it by the Mayor. The Mayor, on receiving a draft strategy from the LDA, must publish the strategy, with or without modifications, as soon as is practicable. The LDA must keep the strategy under review and may propose revisions to the Mayor, who must publish it as revised.
453. Before publishing the strategy, the Mayor must carry out the consultations required by section 42 and also consult representatives of employers and employees in London.
454. The LDA and the other three functional bodies must take account of the current strategy in carrying out their functions.
455. The new section 7B to the RDA Act empowers the Secretary of State to give guidance and directions to the Mayor on certain aspects of the strategy. The Secretary of State can give guidance to the Mayor concerning matters to be covered by, and issues to be taken into account, in preparing or revising the strategy. The issues can be any on which guidance can be given to RDAs outside London. The Mayor must have regard to any such guidance.
456. If the Secretary of State considers that the strategy (or any part of it) is inconsistent with national policies, or that its implementation is having, or is likely to have, a detrimental effect on any area outside London, then he can direct the Mayor to revise the strategy in order to remove that inconsistency or detrimental effect. For this purpose, national policies are any government policies which are available in written form and have been presented to either House of Parliament or published by a Minister. The Mayor must revise the strategy in accordance with any such direction. The Mayor will not be obliged to carry out the consultation required by section 34 or the new section 7A of the RDA Act on such a revised strategy.
457. The notes on sections 41 to 44 describe the Mayor's general duties regarding his strategies and the Secretary of State's power of direction, and apply to the LDA strategy as they do to other strategies.

**Section 308: Audit**

458. *Section 308* makes provision for the audit of the LDA. Section 15 of the RDA Act requires that RDAs' accounts should be audited by the Comptroller and Auditor General, as is normal for non departmental public bodies. Section 308 amends section 15 to provide that the LDA, like the Authority and its other functional bodies, will have its accounts audited by the Audit Commission. It also requires that a copy of the audited accounts should be sent to the Mayor and to the Chair of the London Assembly.

**Section 309: Further amendments to the RDA Act**

459. *Section 309* introduces *Schedule 25* to the Act.
460. *Paragraphs 4 to 9* of *Schedule 25* provide that the financial provisions in sections 9 to 14 of the RDA Act are not to apply to the LDA. The finances of the LDA will instead be governed by the provisions of Part III of this Act. Paragraph 5 ensures that any grants made, under section 10 of the RDA Act, to the Authority by the Secretary of State, are for the purposes of the London Development Agency. This provision, together with the provisions of section 103, ensures that any such grants are paid by the Authority to the Agency.
461. *Paragraphs 3 and 10 to 12* of *Schedule 25* contain provisions on the accountability of the LDA. There will be no Regional Chamber for the LDA, as provided for in sections 8 and 18 of the RDA Act in relation to other RDAs.
462. The Mayor may specify the form and contents of the LDA's annual report, required by section 17 of the RDA Act. The report is to be sent to the Mayor and Assembly (rather than be sent to the Secretary of State and laid before Parliament). The Mayor must arrange for it to be published.
463. The Mayor may give such directions and guidance to the LDA on the exercise of its functions as he sees fit.
464. Other provisions in *Schedule 25* concerning the accountability of the LDA are contained in the provisions of the Act on the provision of information, advice and assistance by functional bodies, power to require attendance at Assembly meetings and investigation of functional bodies by the Commission for Local Administration.
465. *Paragraphs 2 and 13 to 15* of *Schedule 25* contain further amendments to the RDA Act. Section 5 of the RDA Act requires the Secretary of State's consent before a RDA forms or acquires an interest in a company. The LDA must seek the Mayor's consent for such actions.
466. Orders made by the LDA as respects the compulsory purchase of land and changes in the name of the LDA may only be submitted to the Secretary of State for approval with the consent of the Mayor.
467. The provision in section 25 of the RDA Act for altering the regions of the regional development agencies will not apply to the London region, so that the region of the LDA will remain identical to that of Greater London.