Part 2
Final Draft Consolidated Budget 2022-23

Explanation of Proposals

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Introduction and Overview

1.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and the London Assembly in delivering their respective responsibilities and functions. The GLA's five functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC), overseeing the work of the Metropolitan Police Service (MPS); the London Fire Commissioner (LFC); Transport for London (TfL); the London Legacy Development Corporation (LLDC) and the Old Oak and Park Royal Development Corporation (OPDC).

1.2 The purpose of this document is to explain the Mayor's Final Draft Consolidated Budget for 2022-23 ("Final Draft Budget" / "Budget") and the GLA Group Final Draft Capital Spending Plan. The Mayor has previously consulted the London Assembly, functional bodies, London Boroughs, the Common Council of the City of London and other interested parties, such as the business community, on his budget proposals in the GLA Group Budget Proposals and Precepts 2022-23 Consultation Budget document published in December 2021. The Draft Consolidated Budget ("Draft Budget") was subsequently published on 18 January 2022 and considered by the Assembly at its meeting on 26 January 2022. This document sets out the Mayor's proposed revenue budget and capital spending plan for the GLA Group in 2022-23.

1.3 For the seven "constituent bodies" (the Mayor, Assembly and the five functional bodies), the Mayor puts forward separate "component budgets" relating to the amount needed to balance each body's respective revenue expenditure, after allowing for revenue grants from the government and retained business rates, where relevant. This is known as the "component council tax requirement". The aggregate of these seven "component budgets" gives the GLA Group Consolidated Budget and the proposed figure of the GLA precept, known as the "consolidated council tax requirement".

1.4 The Mayor's key objective in this Budget is to support London's recovery from the impact of COVID-19, including through the delivery of the missions set out by the London Recovery Board; these are listed in the next section of this document. The key deliverables in this Budget are set out in the relevant section for each of the constituent bodies.

1.5 The coronavirus pandemic has continued to have a detrimental impact on people's lives globally. London's economy has suffered greatly. All parts of the GLA Group have been supporting various initiatives at significant additional cost to date. The government has not fully reimbursed the GLA Group, leaving these unmet costs as added financial pressures that weigh on this Budget.

1.6 This Final Draft Budget takes into account the final council taxbases and forecast council tax surplus for 2021-22, based on the figures submitted by billing authorities to the GLA at the end of January 2022, as well as the relevant proportion of the 2020-21 deficit that the government permitted to be spread over three years. It also allocates retained business rates income available to the GLA Group based on the forecasts for 2022-23 and an updated assessment of the outturn position for 2021-22 based on the data supplied by billing authorities at the end of January. The Mayor has also had regard to the impact of the final local government finance settlement. This included the confirmation that the GLA's council tax referendum limit will be increased compared to the provisional settlement by £20 at Band D to permit the proposed additional precept and that there will be a £60 million increase in the GLA's settlement funding baseline for 2022-23. The government also confirmed the final methodology in respect of the compensation for the freezing of the business rates multiplier in 2022-23 which increased the GLA's expected income by around £21.7 million as a result of the decision by the government to base this on RPI as opposed to the CPI based assumption used in the provisional settlement.

1.7 However, at the time of writing an agreement has yet to be reached with the Department for Transport (DfT) on the level of government support relating to TfL for 2022-23, following the significant reduction in fares income arising from the pandemic's impact on passenger numbers and economic activity. Therefore this Budget assumes that the government, as per the latest letter from the Secretary of State for Transport, will continue to commit to compensate TfL for mitigating the loss of fare revenue as a result of the pandemic.

GLA Group Capital Strategy

1.8 In accordance with the requirements of the relevant statutory guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), an updated Capital Strategy, setting out capital expenditure and funding plans for the next twenty years must be produced, alongside a detailed three-year plan. The GLA Group's Draft Capital Strategy, which brings together information from the GLA and each of the functional bodies' draft Capital Strategies, is set out in Section 9 of this document and includes the GLA Group's draft statutory capital spending plan, as required by the GLA Act 1999.

Overall gross revenue and capital expenditure of the GLA Group

1.9 The gross expenditure for the GLA (Mayor and Assembly) and each functional body is funded through a combination of resources directly controlled and allocated by the Mayor, primarily council tax and retained business rates income, and other sources of income, such as specific and general government grants and fares income, as well as locally raised taxes and charges, such as the congestion charge, the Crossrail Business Rate Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL).

1.10 Overall gross revenue and capital expenditure on a statutory basis is budgeted to decrease by £712.4 million in 2022-23 compared to the latest publicily available 2021-22 forecast outturn for each constituent body of the GLA Group. After adjusting for the treatment of statutory GLA Group corporate items mainly relating to the expected phasing of the repayment of the 2020-21 business rates deficit to the 33 London billing authorities, the overall effective gross revenue and capital expenditure of the GLA Group is set to increase in 2022-23 by £628.3 million.

1.11 As set out in the GLA's capital spending plan for 2022-23, the additional contribution of £825 million towards the completion of the Crossrail project, agreed with the government in late 2020, is profiled across 2021-22 (£566 million) and 2022-23 (£259 million). The Mayor has also set aside a further £48.5 million provision, funded from business rates income, towards Crossrail should the £825 million sum be insufficient to close the remaining funding gap. This phasing for Crossrail contributes to the £304.9 million reduction in capital expenditure in 2022-23.

1.12 After allowing for fares, charges, other income including locally-raised revenues for Crossrail and the planned use of reserves, gross revenue expenditure of £14,950.3 million for 2022-23 translates into net revenue expenditure to be financed from government grants, retained business rates and the council tax precept of £8,188.5 million.

1.13 Set out below is a summary of the planned total revenue and capital expenditure of the GLA Group in 2022-23 compared to the 2021-22 forecast outturn for each body. The GLA: Mayor revenue figure in the table includes corporate items such as capital financing costs for the borrowing incurred for its contributions towards Crossrail and the Northern line extension. It also includes the GLA's tariff and estimated levy payments, which will be made to the government under the business rates retention system to support local services elsewhere in England. These figures have been updated since the Draft Budget to reflect the impact of the final police and local government finance settlements, as well as the reported billing authority estimates of their business rates and council tax bases for 2022-23 and their forecast business rates and council tax income for 2021-22 and 2022-23, including any collection fund surpluses and/or deficits.

Total gross revenue and capital expenditure	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Change £m	Change %
Revenue:				
GLA: Mayor services	852.0	775.6	-76.4	-9%
GLA: Mayor group items	2,238.5	1,053.4	-1,185.1	-53%
GLA: Assembly	8.3	8.0	-0.3	-4%
MOPAC	4,049.5	4,269.2	219.7	5%
LFC	500.4	508.6	8.2	2%
TfL	7,636.9	8,266.1	629.1	8%
LLDC	65.5	62.0	-3.5	-5%
OPDC	6.7	7.5	0.8	12%
Total revenue	**15,357.8**	**14,950.3**	**-407.5**	**-3%**
Capital:				
GLA: Mayor	1,792.5	1,703.7	-88.8	-5%
MOPAC	252.1	395.6	143.5	57%
LFC	35.8	34.0	-1.8	-5%
TfL	2,184.0	1,823.4	-360.6	-17%
LLDC	242.9	245.7	2.8	1%
OPDC	0.0	0.0	0.0	n/a
Total capital	**4,507.3**	**4,202.4**	**-304.9**	**-7%**
Grand total revenue and capital	**19,865.1**	**19,152.8**	**-712.4**	**-4%**

Note: The above items reflect the statutory revenue and capital spending plan allocations for each body. Consequently, expenditure involving transfers between functional bodies (e.g. GLA contributions to TfL for Crossrail or to the LLDC for the East Bank project) will appear in both lines.

Council tax precept

1.14 The GLA receives income from a council tax precept on London's 33 billing authorities (the 32 London boroughs and the Common Council of the City of London). Income from council tax balances the GLA Group's net revenue expenditure, after allowing for revenue grants from the government and retained business rates.

1.15 A different council tax charge for GLA Group's services applies to the City of London, compared to the 32 London boroughs as it is outside the Metropolitan Police District. Council taxpayers in the City of London therefore contribute separately towards the costs of the City of London Police, rather than the Mayor's Office for Policing and Crime (MOPAC). As a result, council tax payers in the City of London pay the 'unadjusted' basic amount of council tax to the GLA (in effect the 'non-police precept'). Council tax payers in the 32 London boroughs (the area of the Metropolitan Police District) pay the 'adjusted' amount of council tax, which is made up of the unadjusted amount, for non-police services, and a separate element for policing services.

1.16 In his Draft Budget, published on 18 January 2022, the Mayor proposed to increase the unadjusted Band D council tax charge for non-police services by £21.93 for 2022-23 and this remains unchanged in this Final Draft Budget. This rise reflects a £20 increase in the Band D charge to be allocated to TfL in 2023-24 and a £1.93 increase to be allocated to the LFC. The additional £20 increase in the unadjusted element is intended to generate £61.5 million of funding per annum for TfL whilst it seeks to maintain essential services at a time when it has experienced a significant reduction in its fares income due to the COVID-19 pandemic. The proposed increase would not be excessive under the final council tax referendum principles for 2022-23 for the GLA announced by the Secretary of State on 7 February 2022 which were approved by the House of Commons on 9 February 2022.

1.17 The adjusted Band D council tax charge, which includes additionally the element for policing and is payable by taxpayers in the 32 London boroughs, is proposed to increase by £31.93 or 8.8 per cent. This reflects the confirmation in the final police settlement for 2022-23 and the council tax referendum principles for 2022-23 approved by the House of Commons on 9 February that Police and Crime Commissioners in England can increase their Band D council tax charge by up to a maximum of £10 for 2022-23 without triggering a referendum.

1.18 In summary, the Mayor therefore proposes to increase his total Band D council tax charge – the adjusted amount – from £363.33 to £395.59, in order to provide additional resources to support frontline policing, transport and fire and rescue services. The unadjusted Band D charge payable by council tax payers in the City of London is proposed to increase from £96.53 to £118.46. As the government has not yet provided an indication of council tax referendum thresholds for 2023-24 or future years, 1.99 per cent increases are assumed for that financial year for the non-police element on top of the base 2022-23 council tax (excluding the £20 element for TfL as this is assumed to be ongoing).

1.19 With regard to the police precept, although the 2021 Spending Review indicated the police precept could be increased by a maximum of £10 each year, up until 2024-25 inclusive there still remains significant uncertainty regarding the future level of funding the government will provide. The final police settlement 2022-23, published in February 2022, only covered one financial year. It is important to highlight the current National and International Capital City (NICC) grant is £159m less than the recommendations made by Sir Richard Mottram's expert panel in 2015, it is possible that, in future government, may seek to address this significant funding shortfall. Therefore, until further certainty is obtained regarding future funding allocations, it remains prudent for the 1.99 per cent assumption to also apply to the police precept in future years.

1.20 In the Draft Budget it was forecast that there would be a 1.0 per cent increase in the council tax base for 2022-23, compared to the original budgeted 2021-22 taxbase, for both the unadjusted and adjusted elements. This estimate reflected a modest expected return to growth in the tax base following the 0.97 per cent reduction that occurred in 2021-22 in the midst of the COVID-19 pandemic.

1.21 The actual council taxbases for 2022-23 for budgeting purposes were confirmed by the 33 local billing authorities at the end of January 2022. These reported a higher overall increase (1.73 per cent) than the forecast of 1.0 per cent used for the allocations made in the Draft Budget. This was driven by two billing authorities reporting increases of five per cent or more compared to around one third of the 33 authorities whose taxbase growth was below 1 per cent. These are of course estimates for tax setting purposes and it is unclear to how London's recovery from the COVID-19 pandemic and the impact of the cost of living crisis will impact on sums actually collected by billing authorities in 2022-23. Any variance will feed through into a surplus or deficit which will be reflected for budgeting purposes in the Mayor's 2023-24 Budget, which will approved in February 2023.

1.22 Separately, a council tax collection fund deficit equivalent to £9.5 million of the original budgeted council tax income for 2020-21 was included in the Draft Budget. This reflects the arrangements put in place by central government for spreading the council tax collection fund deficit in respect of the 2020-21 financial year, which is recoverable by billing authorities from the GLA across the following three budget years as required under the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020. In light of these arrangements the £9.5 million figure, reflecting the share of this deficit repayable to the 33 billing authorities in 2022-23 was already planned for in budgets. The same amount will also be repayable in 2023-24, the third and final year over which 2020-21 deficits can be spread.

1.23 Billing authorities have reported an in year council tax collection fund surplus for 2021-22 of £9.8 million of which nearly £3.5 million relates to a single billing authority. This estimated surplus for 2021-22 is recoverable from billing authorities by the GLA in its entirety in 2022-23. Should this estimate be incorrect any over or understatement in terms of the final outturn for 2021-22 will be recoverable in the 2023-24 budget year.

1.24 The estimated £9.8 million net collection fund surplus which the GLA will receive in 2022-23 is reflected as an additional resource in Annex A of Part 1 and the objective and subjective tables in this document.

1.25 Taking into account the above assumptions the forecast consolidated council tax requirement for 2022-23 is £1,213.6 million. Details of the component council tax requirements for each constituent body of the GLA Group for 2022-23, and indicative figures for 2023-24 and 2024-25 are set out in the table below.

Component council tax requirements	**Approved 2021-22 £m**	**Proposed 2022-23 £m**	**Plan 2023-24 £m**	**Plan 2024-25**
GLA (Mayor)	65.6	128.2	67.4	68.0
GLA (Assembly)	2.6	2.7	2.7	2.7
MOPAC	804.9	849.5	875.1	901.5
LFC	171.8	180.7	189.9	200.6
TfL	51.6	52.5	177.2	241.7
LLDC	0.0	0.0	0.0	0.0
OPDC	0.0	0.0	0.0	0.0
Consolidated council tax requirement	**1,096.6**	**1,213.6**	**1,312.3**	**1,414.6**
Total Band D council tax charge payable in:				
32 London Boroughs (adjusted amount)	£363.66	£395.59	£423.49	£451.94
City of London (unadjusted amount)	£96.53	£118.46	£140.82	£163.62

Note: The 2022-23 GLA (Mayor) requirement includes £61.5 million to be allocated to TfL from 2023-24 in a "Transport services funding reserve" (see paragraph 1.35 below). The underlying GLA (Mayor) requirement excluding this sum for transport services is therefore £66.7 million.

1.26 As a result of the assumed increase in the Band D police precept and the reported taxbase increase, an additional £44.6 million in council tax income is forecast at this stage to be available for policing in 2022-23 compared to 2021-22. The Mayor's precept excluding the element for fire and policing, is proposed to be increased by £20 with the additional income of £61.5 million raised from this being held in reserves by him centrally to fund future transport expenditure – with the expectation that this sum will be transferred to TfL in 2023-24. Additional income as a result of the reported increase in the council taxbase has been allocated based on priority spending decisions; however, the income generated by the increase in the overall Band D amount for non-police services will be allocated to fire and rescue services and to the GLA: Mayor component budget to be applied for transport services.

Business rates retention and London pooling arrangements

1.27 Since April 2017 the government has funded all former general grants from central government for the GLA and LFC, the residual former TfL general and investment grants, as well as an element of support for London policing in respect of historic council tax freeze grant, through retained business rates. The combined retained business rates funding available in this budget for services, including £950.8 million for TfL's capital programme, is calculated to total £2.3 billion in respect of the 2022-23 financial year, after allowing for estimated surpluses or deficits for 2021-22 and the ongoing impact of the 2020-21 deficit.

1.28 The 2022-23 final settlement confirmed the continuation of the GLA's local retention pilot under which the GLA retains 37 per cent of business rates growth, net of its tariff payment and any levy on growth, for a further year. The 33 local authorities will continue to retain 30 per cent of eligible growth. No indication was given as to whether these arrangements will continue from April 2023 onwards. Following the Spending Review, the Secretary of State for Levelling Up, Housing and Communities (“DLUHC”) wrote to local government leaders stating his Department 'will engage further with the sector on wider reforms to be implemented in subsequent years'. This position was restated by the Secretary of State in December 2021. It is still not yet clear, however if and when the previously anticipated reset of business rates growth and the implementation of the 'fair funding' reviews of needs and distribution will be implemented.

1.29 In line with the approach in 2021-22, there will not be a pan-London business rates pooling arrangement in 2022-23. However, the joint working and policy and administrative support to member authorities through the pool will continue, even though the formal legal pooling infrastructure will not. Eight London billing authorities are intending to form a smaller pool in order to minimise the level of levy payments made to the government and one outer London borough is intending to form part of a pool with several Surrey shire districts. These separate local pooling arrangements will not affect the revenues received by the GLA.

1.30 The GLA will make a tariff contribution to the government from its share of business rates of £748.3 million in 2022-23 as set out in the final local government finance settlement, approved by the House of Commons on 9 February 2022. This is £60m lower than the figure provided at the provisional settlement as the GLA’s settlement funding baseline has been increased by £60 million for the element of its baseline which does not relate to policing or fire and rescue services. The GLA's tariff payment is redistributed by the government to support local services elsewhere in England.

1.31 The GLA's levy rate to be applied on any business rates growth was provisionally set at 34 per cent in the final settlement although due to adjustments for rates reliefs and the multiplier cap the retained rates income against which this applied does not equate to 34 per cent of the headline business rates growth. As – following the billing authority returns – there is business rates growth available to be applied in 2022-23 a levy is therefore expected to be required to be paid by the GLA. The estimated levy payment for 2022-23 – which will not in practice be payable to the government until early 2024 is £45.3 million. Therefore the combined levy and tariff payment estimated to be payable by the Mayor to support local services elsewhere in England from business rates income in 2022-23 is £793.6 million.

1.32 The figures for retained business rates in this document also include the GLA's amount of funding received through section 31 grant from DLUHC for the business rates multiplier cap and the ongoing cost of the doubling of small business rates relief, as reported at the final settlement. The figures also assume for 2021-22 the section 31 grant compensation due to the impact of the lost revenue arising from the rates relief scheme for the retail, leisure, hospitality (RLH) and childcare sectors, introduced in response to the pandemic which was estimated to amount to around £1.9 billion London wide by billing authorities in May 2021 although this was an indicative figure. This reflects the fact that the government reduced the level of relief to 66 per cent from 1 July 2021 and set a cap at a maximum of £2 million per business entity, with the exception of essential retailers (e.g. food supermarkets) where the cap was only £105,000. Due to the impact of these caps and the potential impact of related collection losses as this relief can only be claimed for businesses which remain in occupation the lost revenue arising from these reliefs cannot be predicted with certainty.

1.33 The government also announced the distribution of the £1.5 billion COVID-19 additional relief pot (CARP) on 15 December 2021 following the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 receiving Royal Assent. This is intended to provide business rates relief in 2021-22 to sectors which did not benefit from the retail, leisure, hospitality and childcare sector schemes. London's allocation from the CARP is just under £435 million – and the GLA's final business rates income for 2021-22 will be reduced by a further £161 million equivalent to its 37 per cent share – offset by section 31 grant compensation – assuming billing authorities apply their full allocations to reduce ratepayer bills.

1.34 The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 prevents the Valuation Office Agency from considering challenges made by business ratepayers to the valuations of their properties arising from the direct impact of the pandemic and the government's response. In the Mayor's 2021-22 Budget it was assumed that the impact of such pandemic related challenges, if successful, could have required London billing authorities to repay several billion pounds to ratepayers and thus place the GLA in an assumed safety net position as a result of the material reduction in revenues which would arise. A sum of £272 million – later revised to £258.8 million – was approved in the Mayor's Budget last February to be held in a new billing authority repayment reserve (BARR) from the expected income receivable during 2021-22 on the assumption that this sum would need to be repaid to billing authorities in 2022-23. This £258.8 million sum is the difference between the total business rates income estimated to be received in 2021-22, including associated section 31 grants for business rates reliefs, and the sum allocated to be spent on services in the approved 2021-22 Budget. As a result of the new legislation, which did not receive Royal Assent until 15 December 2021, this pandemic related valuation risk is now substantially eliminated.

1.35 As highlighted in the Draft Budget, the Mayor, on the advice of the Executive Director of Resources, was able to release the majority of the £258.8 million sum currently set aside in the BARR as it is not expected to all have to be repaid to billing authorities in 2022-23 due directly tothis new legislation coming into force. Following receipt of billing authorities' updated forecasts of income in respect of 2021-22, as at the end of January 2022, there remains some uncertainty about the figure available, as explained below. The Mayor's group items budget (Annex A) reflects this expectation. Of this £258.8 million sum, £216.9 million – representing the pro rata share of the the Mayor's core business rates funding allocated to TfL has been transferred to a new "Transport services funding reserve". This sum is expected to be applied from 2023-24 to fund infrastructure projects to improve London's air quality and environment. The remaining £41.9 million has now been allocated as shown in Part 1 section 4.

1.36 There remains wider risk and uncertainty, however, in relation to 2021-22 income not related to pandemic related valuation challenges. The GLA's share of the estimated London wide business rates collection fund deficit reported by the 33 local billing authorities at the end of January for 2021-22 was £612.8 million. As the government did not request billing authorities supply their latest forecasts of RLH and CARF relief we are unable at this stage to establish whether this headline deficit is fully or only partly offset by compensating section 31 grant from DLUHC. Due to the potential risk and uncertainty that the £258.8 million sum may not be ultimately available a c£72 million provision has been created, from the 22-23 additional forecast business rates income, to be held in the billing authority repayment reserve in 2022-23 which is equivalent to 3 per cent of the GLA's budgeted business rates income for 2021-22. Once the GLA has greater certainty as to the likely outturn position for 2021-22 including the impact of the CARF and RLH relief schemes it may be possible that this additional provision could be released on the advice of the Executive Director, Resources to spend on services. Pending this clarification this sum held in the BARR is assumed to be repaid to London billing authorities in 2023-24 when the residual outturn reconciliation adjustment for the 2021-22 outturn position would be transferable by the GLA in cash terms.

1.37 The Chancellor announced in the Spending Review that the government would provide a package of business rate support measures for 2022-23 – some of which extend into future years. The measures are estimated to be worth £7 billion over the next five years, albeit £4.6 billion of this relates to the cumulative impact over five years of the multiplier cap for 2022-23. As part of these measures there will be a 50 per cent relief scheme for the retail, leisure and hospitality sectors in 2022-23 capped at a maximum reduction of £110,000 per business. In practice this monetary cap means that the percentage rate of relief available to larger operators and national firms in these sectors across their entire property portfolio is likely to be below 1 per cent. This retail relief scheme is forecast by the government to cost £1.6 billion nationally and the GLA will be compensated in common with other local authorities for any reduction in revenue which results via section 31 grant. Billing authorities have reflected the estimated the costs of these relief scheme in their 2022-23 forecasts.

1.38 Following the submission of the statutory estimates by the 33 billing authorities in response to the 31 January 2022 deadline, the actual level of business rates income available to the GLA for budgeting purposes in 2022-23, including any levy on growth payable to DLUHC alongside the 2021-22 forecast deficit, is currently estimated for budgeting purposes to be £3,290.4 million. Excluding the forecast tariff and levy payment of £793.6 million the sum estimated to be available to apply in the Mayor's budget is just under £2.5 billion. Further details on the assumptions and uncertainties in respect of 2020-21, 2021-22, 2022-23 and future years are set out in Appendix I.

1.39 This Final Draft Budget therefore sets out revised allocations to component budgets to reflect: the statutory council taxbase and business rates estimates supplied by the 33 local authorities for 2022-23 including any business rates growth which may be available for distribution; the collection fund surplus and deficit estimates for 2021-22; an updated assessment of the final 2020-21 outturn position including funding of irrecoverable losses by the government via the Tax Income Guarantee (TIG) grant; the final local government and police settlements; and the latest progress of negotiations regarding government support for TfL for the remainder of 2021-22 beyond 18 February 2022 and in 2022-23 and future years.

Summary of spending plans and council tax requirement calculation

1.40 Forecast GLA group council tax precept income (the 'consolidated council tax requirement') and the other sources of finance for 2022-23, including government grants and fare revenues, are summarised in the table below.

Spending plans and council tax requirements	2022-23 £m	2022-23 %
Spending plans	14,950.3	100%
Less funding sources:		
Fares income	-4,474.2	30%
Extraordinary Grants	-1,241.5	8%
Home Office Police General and Formula Grant	-2,278.4	15%
Other general income	-2,307.3	15%
Retained business rates	-2,339.6	16%
Home Office specific grants for policing	-655.7	4%
Other specific government grants	-459.3	3%
Use of reserves	19.6	0%
2020-21 council tax surplus	-0.3	0%
Consolidated council tax requirement for GLA Group	**1,213.6**	**8%**

Funding allocations from sources over which the Mayor has direct control

1.41 The tables below summarise the proposed funding allocations from retained business rates and council tax to the GLA: Mayor and Assembly and the relevant functional bodies for 2022-23 compared to the revised 2021-22 Budget. These are the funds which the Mayor has the ability to apply and reallocate across the GLA Group at his discretion, subject to the Assembly's consideration of the Mayor's council tax proposals. Appendix H sets out both a summary and detailed breakdown of the revenue expenditure, government grants and retained rates allocations proposed by the Mayor.

Allocation of council tax and retained business rates income in 2022-23 compared to 2021-22

2022-23	Mayor £m	Assembly £m	MOPAC £m	LFC £m	TfL £m	LLDC £m	OPDC £m	Group items £m	Total £m
Council tax	66.7	2.7	849.5	180.7	52.5	0.0	0.0	61.5	1,213.6
Collection fund surplus (Ctax)	-0.6	0.0	-7.2	-1.6	-0.1	0.0	0.0	9.8	0.3
Business rates	125.3	5.1	65.4	242.7	1,897.0	29.3	6.8	918.9	3,290.4
Total Mayoral funding	**191.3**	**7.8**	**907.7**	**421.8**	**1,949.4**	**29.3**	**6.8**	**990.2**	**4,504.3**

2021-22	Mayor £m	Assembly £m	MOPAC £m	LFC £m	TfL £m	LLDC £m	OPDC £m	Group items £m	Total £m
Council tax	65.6	2.6	804.9	171.8	51.6	0.0	0.0	0.0	1,096.6
Collection fund deficit (Ctax)	-0.5	0.0	-6.3	-1.4	0.0	0.0	0.0	0.0	-8.2
Business rates	51.7	4.9	27.9	228.1	1,792.3	27.3	6.4	856.6	2,995.2
Group reserves	0.0	0.0	0.0	0.0	0.0	6.7	0.0	0.0	6.7
Total Mayoral funding	**116.8**	**7.5**	**826.5**	**398.5**	**1,843.9**	**34.0**	**6.4**	**856.6**	**4,090.3**
Change	**74.5**	**0.3**	**81.2**	**23.3**	**105.5**	**-4.7**	**0.4**	**133.6**	**414.0**

Equalities impact

1.42 Promoting equality, diversity, inclusion, social mobility and social integration are high priorities for the Mayor. The Mayor published his social integration strategy, 'All of Us' and his equality, diversity and inclusion strategy, 'Inclusive London' in 2018. The implementation of both strategies is underway.

1.43 All seven constituent bodies (the Mayor and Assembly and the five functional bodies) must comply with section 149 of the Equality Act 2010. A full explanation of the duty is provided in the Part 3 budget document. Compliance with the duty is iterative and ongoing. It includes carrying out a process to identify and actively consider potential detrimental impacts (if any) that may arise for individual protected characteristic groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken.

1.44 The constituent bodies undertake this duty at a budget level and in the implementation of their individual policies, programmes and projects. The equality implications of each component body's budget is set out in each of their sections.

Environmental impact

1.45 In line with the Mayor's 2022-23 Budget Guidance, this Final Draft Budget places at its core the need to tackle the climate and ecological emergencies, reduce air quality and deliver a green new deal for London.

1.46 As London begins to recover from the economic and social impacts of the COVID-19 pandemic, the Mayor's objective is to ensure that there is no return to 'business as usual' but instead a decisive move towards a better, greener, fairer and cleaner city. Achieving this will not only transform London's environmental sustainability and quality of life, but will also open up significant economic and employment opportunities in the rapidly growing green economy.

1.47 This vision for London is reflected in the inclusion of an ambitious Green New Deal mission as a core element of the London Recovery Programme, which aims to tackle the climate and ecological emergencies and improve air quality by doubling the size of London's green economy by 2030, helping accelerate job creation for all. The Mayor has brought forward London's net zero target from 2050 to 2030 in recognition of the urgency to take action to tackle climate change. That will require action from the GLA, the GLA Group and a range of London stakeholders including businesses and the London boroughs. Looking ahead to next year's Budget the GLA will work with the functional bodies to align the budget process even more to the Mayor's climate ambitions.

1.48 The GLA Group has a key role in delivering on this programme, based around three themes:

- decarbonising the built environment: scaling up programmes to retrofit existing buildings, create jobs and tackle fuel poverty
- transport and the public realm: accelerating programmes that increase access to green space and support active travel and zero emission fleets, to eradicate air pollution, help adapt to climate change and deliver better health
- green foundations: mobilising funding and finance to support environmental programmes and provide support for the growth of London's clean tech and circular economy businesses to meet London's climate target and supporting a just transition.

1.49 All seven constituent bodies (the Mayor and Assembly and the five functional bodies) have, as appropriate, ensured their budget proposals include sufficient resourcing and budget to support the London Environment Strategy and Green New Deal mission, including the commitment to achieve net zero by 2030 by working with government and the private sector (see para. 1.49 below). An assessment of the environmental implications of each component body's budget is set out in each of their sections.

1.50 It will not be possible to achieve the Mayor's ambition for London to reach net zero by 2030, however, through the use of public sector resources alone. The GLA's 1.5C climate action plan estimated the costs of delivering net zero by 2050 requires in excess of £61 billion of capital investment in buildings and infrastructure, which will need a huge acceleration in the use of private finance. Pathways and costs related to delivering net zero are being updated in the light of the 2030 target, though the costs of inaction far outweigh the investment costs to achieve net zero. Alongside the ongoing work with boroughs and other London institutions to develop a strong investment pipeline, this Budget supports the development by the Mayor of a green finance facility that will help support over the decade the capability for greater private sector investment into London's priorities. It also makes provision for the issuance of a Green Bond. Work will also continue to unlock more government funding and to devolve powers to accelerate London's progress.

GLA Group collaboration

1.51 The GLA Group Collaboration Programme is a portfolio set up by the Mayor to ensure the GLA Group realises the maximum benefits obtainable from collaboration, both within the GLA Group and with other like-minded organisations. Senior executives from across the GLA Group sit on the Group Collaboration Board which is responsible for strategic oversight and key decision making.

1.52 The programme is looking at options for realising benefits from greater collaboration, including potential financial efficiencies arising from buying energy more efficiently; leveraging procurement processes; utilising estates better; and removing duplication in back and middle office support.

1.53 Development work is proceeding with a clear governance and methodology framework, and a programme in place. Resources are committed to develop the initiatives identified as possible areas of opportunity. The results of this work will be included in the budget process as they are available on an ongoing basis. Initiatives that are included in the figures in this Budget are ones that will have a material impact in 2022-23.

Consultation process

1.54 As part of the Mayor's commitment to transparency and engagement, in previous years the GLA has engaged Londoners proactively in the budget consultation process on Talk London ahead of the formal statutory consultation process. The GLA's Opinion Research team have been conducting pandemic-related research since March 2020, focussing on Londoners' immediate and longer-term priorities for the city. This Final Draft Budget is therefore informed by a significant level of information on Londoners' current concerns and priorities for the city.

1.55 As in 2021-22, the consultation document on the Mayor's budget proposals, published in December 2021 was posted on the Talk London website, alongside a blog post written by the Opinion Research Team summarising the opinion research findings conducted by the GLA this year on Londoners' priorities. Talk London members were invited to read the document and to comment on the GLA Group Budget Proposals and Precepts 2022-23 within a discussion thread. The consultation on Talk London took place from 5 January to 30 January 2022. The development of this Budget has also been directly informed by the GLA's Talk London budget engagement exercise; a summary of the responses received can be made available. In addition, the Budget and Performance Committee responded to the consultation budget, which the Mayor will formally reply to shortly.

Structure of the Final Draft Budget document

1.56 Revenue budget proposals and funding for each constituent body within the GLA Group are presented in Sections 2 to 8 of this document. The GLA's proposals are shown first and the remainder are presented in order of magnitude of their council tax requirement. Section 9 sets out the proposed capital strategy for the GLA Group, including the statutory draft capital spending plan. The individual capital spending plans, capital financing budgets and borrowing limits, as well as the revenue budgets at a subjective level, are set out in Appendices A to F. Appendix G provides a summary of the Group's savings and collaboration activities. Appendices H and I address the medium term financial outlook for the GLA Group and funding assumptions underpinning the budget proposals. Appendix J sets out the remaining key dates in the Budget timetable. Appendix K summarises the changes between the draft and final Budgets.

1.57 There are also more detailed public documents relating to the budget proposals, including those that have been the subject of individual scrutiny and discussion by the GLA and functional bodies. These are available on the GLA's and functional bodies' websites. Please note that figures in the tables throughout this document may not sum exactly due to roundings.

1.58 For further information on these documents, or in respect of the budget proposals, please contact Enver Enver (Assistant Director Group Finance and Performance) via e-mail (enver.enver@london.gov.uk and GLABudget@london.gov.uk).

Greater London Authority: Mayor of London

2.1 The GLA is the strategic authority for London with a specific role to design a better future for the capital city. The Mayor of London sets a city-wide vision of improvement and, via the GLA, develops strategies, policies and investment programmes to realise this vision. The London Assembly holds the Mayor to account by examining his decisions and actions to ensure he delivers on his promises to Londoners. The Assembly also has the power to amend the Mayor's proposed component budget requirements for the seven constituent bodies and the resulting consolidated council tax requirement (i.e. the sums raised in year via the Mayor's council tax precept).

2.2 For the purpose of setting the annual revenue and capital budgets the Mayor of London and London Assembly must be treated as separate constituent bodies. The component budget for the Assembly comprises estimates for its direct expenditure and income which are set out in Section 3. The budget for the Mayor is set out below. The Mayor's budget includes expenditure incurred on accommodation in relation to the Assembly's business and goods and services provided or procured for the Authority in general.

Key deliverables

2.3 The proposed budget will continue to support the Mayor's ambitions to support London's recovery through the delivery of pan-London Missions agreed and designed through collaborative work between the GLA, London's boroughs, London Councils and other partner organisations:

- **A Green New Deal** – By 2030: double the size of London's green economy thereby accelerating job creation for all and improve air quality to tackle the climate and ecological emergencies
- **A Robust Safety Net** – By 2025: every Londoner will be able to access the support they need to prevent financial hardship
- **High Streets for All** – By 2025: deliver enhanced public spaces and exciting new uses for under-used high street buildings in every borough, working with London's diverse communities
- **A New Deal for Young People** – By 2024: all young people in need will be entitled to a personal mentor and all young Londoners will have access to quality local youth activities
- **Helping Londoners into Good Work** – Support Londoners into good jobs with a focus on sectors key to London's recovery from COVID-19
- **Mental Health and Wellbeing** – By 2025: a quarter of a million wellbeing ambassadors will be in place, supporting Londoners where they live, work and play
- **Digital Access for All** – By 2025: every Londoner will have access to good connectivity, basic digital skills and the device or support they need to be online
- **Healthy Place, Healthy Weight** – By 2025: all London's families will find it easier to eat healthy food and be active where they live, learn, shop, work and play

- **Building Strong Communities** – By 2025: all Londoners will have access to a community hub ensuring they can volunteer, get support and build strong community networks.

2.4 The GLA has developed eight Recovery Foundations that are key areas of GLA investment which support recovery broadly and will underpin the delivery of the Recovery Missions listed above.

2.5 The GLA: Mayor Final Draft Budget also includes new funding allocated by the Mayor to support twenty-six manifesto commitments above and beyond those already included in the 2022-23 plan contained in the 2021-22 budget; and includes the proposed additional funding allocated by the Mayor as set out in Part 1, section 4 of this Final Draft Budget.

Gross revenue expenditure

2.6 The Mayor is proposing a decrease in gross revenue expenditure for the GLA (excluding group items as set out in Appendix A) of £78.6 million in 2022-23 compared to the revised budget for 2021-22. Gross spend budgets, excluding corporate items, remain broadly stable across the three year horizon from 2022-23 to 2024-25.

2.7 The Final GLA: Mayor Draft Budget contains additional allocations since the previous Draft Budget published 18 January 2022. A breakdown of the proposed allocations can be located at Part 1 paragraph 3.24.

Net revenue expenditure and council tax requirement

2.8 The net revenue expenditure on services for 2022-23 for the GLA: Mayor's budget is proposed as £616.3 million. This figure is calculated after deducting fees, charges, investment income, business rate supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL) revenues used to finance Crossrail, external contributions towards the financing of the Northern Line Extension and other borrowing, and the use of earmarked reserves. This figure also excludes transactions shown separately in the GLA Group items budget, including the £793.6 million business rates retention tariff and levy payment to DLUHC, set out in Appendix A based on the figure set out in the final local government finance settlement. The GLA: Mayor budget includes forecasted costs of £0.75 million per year for the employer's National Insurance contributions increase from 2022-23 onwards, which is currently assumed to be funded from within allocated resources; and the main savings to be delivered relate to the move of City Hall to the Royal Docks which results in a £47 million saving to the GLA over five years (in addition to associated savings realised elsewhere in the GLA Group).

2.9 Based on the proposed net revenue expenditure, after deducting income from retained business rates and government grants, the statutory council tax requirement for the GLA: Mayor's budget for services is £66.7 million. This excludes the £61.5 million to be raised through the Mayor's council tax requirement from the proposed £20 precept increase for transport services which is held centrally in 2022-23 pending its allocation to TfL. This amount is shown in the GLA group items table in Appendix A. Together these two elements of the council tax requirement total the overall GLA: Mayor council tax requirement of £128.2 million, as shown in Section 1 and Appendix H.

2.10 The GLA: Mayor's budget on a directorate (i.e. objective) basis is set out in the table overleaf.

Objective analysis GLA: Mayor services	Revised Budget 2021-22 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Directorate Expenditure					
Good Growth	84.7	83.8	81.1	62.0	58.0
Housing & Land	47.2	47.7	36.6	34.4	27.2
Communities & Skills	400.9	395.7	382.9	388.4	384.5
Strategy and Communications	20.7	20.3	24.8	22.3	22.3
Resources	39.9	42.3	26.6	27.8	29.0
Corporate Management Team	5.8	5.8	6.0	5.6	5.6
Mayor's Office	4.9	5.0	5.2	5.3	5.3
Elections	20.9	22.1	2.2	5.1	21.0
Directorate expenditure	**625.0**	**622.8**	**565.4**	**550.8**	**553.0**
Contingency	1.0	1.0	1.0	1.0	1.0
Other service expenditure	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Financing costs – Crossrail	155.0	155.0	150.0	150.0	150.0
Financing costs – Northern Line Extension	22.0	22.0	20.0	20.0	20.0
Financing costs – other	5.3	5.3	3.4	1.8	1.2
Provision for repayment of debt/ other grant payments - LLDC	0.0	0.0	0.0	11.8	11.8
Financing Costs	**182.3**	**182.3**	**173.4**	**183.6**	**183.0**
Interest receipts	-9.0	-13.0	-27.0	-31.0	-31.0
Crossrail BRS and MCIL	-155.0	-155.0	-150.0	-150.0	-150.0
Northern Line Extension contributions	-22.0	-22.0	-20.0	-20.0	-20.0
Interest receipts GLAP loan	-10.0	-10.0	-15.0	-15.0	-15.0
Income	**-196.0**	**-200.0**	**-212.0**	**-216.0**	**-216.0**
Transfer to/from (-) reserves held for GLA services	-82.3	-76.1	88.5	0.2	-7.7
Transfer to/from (-) reserves for GLA Group	-0.8	-0.8	-41.9	-11.8	-11.8
Net service expenditure after use of reserves	**529.2**	**529.1**	**574.4**	**507.8**	**501.4**
Specific grants	412.4	412.4	370.5	384.4	375.6
Retained business rates	51.7	51.7	125.3	56.2	57.3
22-23 DLUHC general services grant receipt	0.0	0.0	12.6	0.0	0.0
Council tax collection fund deficit	-0.5	-0.5	-0.6	-0.6	0.0
Council tax requirement	**65.6**	**65.6**	**66.7**	**67.8**	**68.5**

Note: The 2021-22 forecast is based on the position reported at Quarter 1. The above table excludes the £61.5 million raised for transport services through the £20 proposed precept increase which is recorded in the Group Items table in Appendix A. Funding for the proposed pay award (including provision for the Assembly) is currently allocated to the Resources directorate line.

2.11 Given GLA's resources are being directed to London's recovery, the GLA is also reporting on progress against the Missions and Foundations referred to above. The table below restates the GLA Directorate expenditure line in this new format for 2022-23, 2023-24 and 2024-25.

Restated Directorate expenditure for 2021-22 and 2022-23	Gross Expenditure 2022-23 £m	Gross income 2022-23 £m	Net Expenditure Budget 2022-23 £m	Net Expenditure Plan 2023-24 £m	Net Expenditure Plan 2024-25 £m
Missions					
A green new deal	22.3	-2.7	**19.5**	**14.6**	**15.3**
A robust safety net	18.8	-0.2	**18.7**	**15.0**	**15.0**
High streets for all	5.6	0.0	**5.5**	**1.6**	**1.6**
A new deal for young people	13.5	-0.3	**13.3**	**5.4**	**2.0**
Helping Londoners into Good Work	10.5	-4.8	**5.7**	**6.9**	**7.5**
Mental Health & wellbeing	0.7	0.0	**0.7**	**0.7**	**0.7**
Digital access for all	1.5	0.0	**1.5**	**0.8**	**0.8**
Healthy place, healthy weight	1.4	0.0	**1.4**	**1.4**	**1.1**
Building strong communities	4.4	0.0	**4.4**	**4.0**	**4.0**
AEB	335.6	-335.6	**0.0**	**0.0**	**0.0**
ESF	10.0	-10.0	**0.0**	**0.0**	**0.0**
Foundations					
Engaging Londoners	2.8	-0.1	**2.8**	**2.1**	**1.6**
Public health and Health & care partnerships	2.6	0.0	**2.6**	**2.6**	**2.6**
Equality, Diversity and Inclusion	2.3	0.0	**2.3**	**1.5**	**1.5**
Transport and Infrastructure	4.8	-3.7	**1.1**	**1.1**	**1.1**
Supporting Businesses, Jobs and growth	31.3	-3.0	**28.4**	**18.3**	**17.8**
Spatial Development	10.3	-9.0	**1.3**	**1.2**	**1.2**
Capital Investment, including Affordable Housing Programme	27.7	-22.0	**5.0**	**7.3**	**4.2**
Recovery programme support	0.8	0.0	**0.8**	**0.1**	**0.0**
Core					
Finance	6.5	-3.4	**3.2**	**3.2**	**3.1**
HR	3.7	-0.3	**3.4**	**2.9**	**2.9**
Technology	6.7	-0.4	**6.3**	**6.3**	**6.3**
Governance	1.1	-0.6	**0.5**	**0.5**	**0.5**
Shared services & Corporate	10.2	-1.9	**8.3**	**9.5**	**10.7**
Estates	12.0	-2.8	**9.2**	**9.2**	**9.2**
Analysis & Intelligence	5.3	-1.0	**4.3**	**4.3**	**4.3**
External Relations	5.5	-0.3	**5.2**	**5.3**	**5.3**
Government Relations	0.6	-0.1	**0.5**	**0.5**	**0.5**
Mayor's Office	5.2	0.0	**5.2**	**5.3**	**5.3**
CMT	3.8	0.0	**3.7**	**3.8**	**3.8**

Restated Directorate expenditure for 2021-22 and 2022-23	Gross Expenditure 2022-23 £m	Gross income 2022-23 £m	Net Expenditure Budget 2022-23 £m	Net Expenditure Plan 2023-24 £m	Net Expenditure Plan 2024-25 £m
Statutory Planning	6.7	-3.3	**3.4**	**3.5**	**3.5**
Fire & Resilience	0.5	0.0	**0.5**	**0.5**	**0.5**
City Operations	1.1	0.0	**1.1**	**1.1**	**1.1**
Museum of London	10.6	0.0	**10.6**	**10.6**	**10.6**
Events	11.1	0.0	**11.1**	**9.3**	**9.3**
Elections	2.2	0.0	**2.2**	**5.1**	**21.0**
International Relations	0.4	0.0	**0.4**	**0.4**	**0.4**
Digital Transformation	1.3	0.0	**1.3**	**1.3**	**1.3**
Total including specific grants and contingency	**601.4**	**-405.5**	**195.9**	**167.4**	**178.3**
Specific grants and contingency	1.0	-370.5	**369.5**	**383.4**	**374.6**
Total directorate expenditure	**600.4**	**-35.1**	**565.3**	**550.8**	**553.0**

Explanation of budget changes

2.12 An analysis of the year on year movement in the proposed council tax requirement for the GLA: Mayor compared to the revised budget for 2021-22 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	**£m**
2021-22 council tax requirement	65.6
Changes due to:	
Net change in service expenditure and income, excluding inflation and savings	-84.5
Change in use of reserves	129.7
Government grants and business rates funding	-44.2
Change in council tax collection fund surplus	0.1
2022-23 council tax requirement	**66.7**

Net change in service expenditure and income

2.13 The 2022-23 budget proposes a net reduction in service expenditure and income of £84.5 million compared to the revised budget for 2021-22. This is due to the reduction in anticipated financing costs, a reduction in the European Social Fund (ESF) and Adult Education Budget (AEB) funding, the one off costs from the Mayoral and Assembly elections in 2021-22, as well as savings associated with the move of City Hall to the former Crystal building in the Royal Docks.

Capital financing costs for Crossrail and the Northern line extension

2.14 On 30 November 2020, the GLA, TfL and the DfT agreed a revised funding deal for Crossrail under which the GLA will provide an additional £825 million contribution to allow the completion of the project. The profile of the contribution to be transferred to TfL is £595 million in 2021-22 and £230 million in 2022-23 as set out in the GLA's Capital spending plan. The application of this funding by TfL for the Crossrail project will be phased on a different basis taking into account the use of other contributions including those met from TfL's own sources including borrowing. As stated in Part 1 a further £48.5 million has been allocated by the Mayor in the GLA's capital spending plan to be paid from Group reserves to TfL for Crossrail, reflecting the expectation that the final costs of the project will require an additional contribution to be made by both sponsors of the project (TfL and the Department for Transport).

2.15 The £825 million sum is being borrowed from the government and financed and repaid using revenues from the Crossrail business rate supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL). This agreed deal will not affect the tax or the amounts raised from taxpayers for 2021-22 or 2022-23 from MCIL or for the BRS but merely extend the period for which they are required to be used to finance and repay the GLA's Crossrail debts. Under the agreement £500 million of the GLA's borrowing will be on a recourse basis and repayable in full under an agreed fixed repayment profile. The remaining £325 million is on a non-recourse basis and its repayment is conditional on sufficient BRS and MCIL revenues being available to allow this.

2.16 In addition, by the end of 2021-22 the GLA expects to have made the final instalment of its £1 billion contribution towards the cost of Northern line extension (NLE) to Nine Elms and Battersea Power Station which opened in September 2021. In 2019-20 and 2020-21 revenues from business rates growth and developer contributions from the local designated area were insufficient to meet the GLA's capital financing costs and a drawdown of £9.8 million and £12.8 million was made from the business rates reserve to cover the deficit. It was also originally assumed that a further £15.7 million would need to be drawn down from the business rates reserve in 2021-22 as set out in the Mayor's Budget approved in February 2021.

2.17 Following the opening of the NLE a further £105.2 million was triggered in developer contributions and the business rates reserve has been reimbursed for the £22.6 million draw down arising from the 2019-20 and 2020-21 financing deficits. This additional revenue triggered by the opening will also cover the original budgeted £15.7 million shortfall for 2021-22 so the planned drawdown from the Business Rates Reserve this year assumed in the original approved budget will also not now be required. A further sum will be applied to fund the remaining capital costs of the project. The estimated remaining £59.4 million of the £105.2 million developer contribution will be held in a new NLE reserve and applied to fund capital financing costs in the short term should the business rates income from the local designated area be insufficient in any year. A forecast planned drawdown of this reserve to 2024-25 in order to fund the financing costs set out in the GLA's subjective and objective tables is included in the reserves tables at the end of this section.

2.18 Now the NLE has opened the level of business rates income from the local designated area is expected to increase substantially over the next two to three years as the new office and retail space on the Battersea Power Station site becomes occupied – so any shortfall is expected to only occur for a temporary period. Any unused balance on the NLE reserve not required to meet capital financing costs will be available for the repayment of the GLA's NLE related borrowing of c£1 billion.

2.19 The GLA is estimated to incur £170.0 million of capital financing costs in relation to its accumulated debt for Crossrail and the NLE combined in 2022-23.

Change in use of reserves

2.20 The 2022-23 Final Draft Budget proposes a net decrease in the use of GLA reserves of £129.7 million compared to the 2021-22 revised budget. When the Mayor agreed his Final 2021-22 Budget, he planned for significant drawdowns from time-limited reserves in both 2021-22 and 2022-23 in order to fund the GLA's contribution to early work to secure London's recovery from COVID-19.

Net change in retained business rates and specific grants

2.21 There is a £44.2 million net increase in income from retained business rates and specific grants in 2022-23, compared to the revised 2021-22 budget. This is largely due to one-off proposed allocations set out in part 1 paragraph 3.22.

Equalities impact

2.22 This budget sets out how the GLA will resource its contribution to the ongoing work to support London's recovery from COVID-19. There is clear evidence that the pandemic did not impact on all Londoners to the same effect, with a disproportionate impact on those Londoners from BAME communities, disabled Londoners, and those living on lower incomes. Much of the uneven and disproportionate impact of the pandemic results from long-standing structural inequalities. Addressing the reasons for this disproportionate and unequal impact is central to the aims of the London Recovery Programme and is therefore central to this budget. This work will be further supported by the delivery of an Equalities Action Plan for the London Recovery Programme, which will be published ahead of the London Recovery Board meeting on the 1 March 2022, and which is supported via the Equality, Diversity and Inclusion foundation budget.

2.23 Accordingly, this GLA: Mayor budget allocates resources in order to ensure the GLA is able to work effectively with partners to reduce inequalities in London, with choices underpinned by analysis of the evidence of the disproportionate impact of COVID-19. This includes:

- continuing to recognise work on equality, diversity and inclusion as a critical cross-cutting foundation for all the GLA's work to support London's recovery
- supporting the ongoing allocation of resources to support an increased level of engagement with London's communities through the Recovery Programme, with an emphasis on communities and groups who face the greatest challenges and inequalities
- ensuring that the direct impacts of the pandemic on health inequalities can be addressed across the work of the GLA through specialist public health capacity
- drawing on GLA reserves to ensure that Londoners who have been most negatively impacted by the pandemic continue to be supported at the time when they are most likely to be facing economic and social inequalities.

2.24 The focus on the Missions is maintained this year; they provide a long-term plan for how the inequalities facing Londoners will be addressed. As with last year, within the allocations to support the recovery foundations and missions, expenditure which will directly contribute to tackling inequalities in London includes:

- work to address both the specific barriers facing some groups of Londoners in the labour market, and the wider challenges facing Londoners who are unemployed or on low wages, including utilising AEB and ESF funding to its full potential
- use of GLA reserves to support young Londoners, with a renewed focus on those who face particular disadvantage
- support for partnership working to tackle key health inequalities which have been exacerbated by the pandemic, in particular with respect to mental health and access to healthy food
- prioritisation of the GLA's work to tackle homelessness across London, in line with the ambition to end rough sleeping for good, despite ongoing uncertainty about the availability of funding from central government

- continued resources allocated to work directly supporting Londoners on low incomes to help them avoid financial hardship
- consolidation of work to support communities, including resources to protect 'at risk' cultural and community infrastructure, strategic support for the civil society organisations who address longstanding inequalities and support for Londoners most affected by the pandemic
- working with London's diverse communities to secure and improve the availability of civic and community infrastructure, including through repurposing vacant and underused buildings, on London's high streets and in its town centres, and securing access to affordable creative workspace for local communities through Creative Enterprise Zones
- work to tackle digital inequalities for learners, jobseekers and others, alongside a programme to ensure new fibre networks reach currently underserved communities
- work to reduce air pollution, the effects of which are felt disproportionately by London's disadvantaged and Black, Asian and minority ethnic communities and which have been demonstrated to exacerbate the health impacts of COVID-19
- programmes to improve the quality of and access to green space in London, with a focus on tackling the comparative lack of good quality green space in areas with significant ethnic minority populations and high levels of poverty.

2.25 Allocations of funding have also been made to support ongoing work carried out by the GLA which is central to addressing the structural drivers of inequality. This includes:

- significant and ongoing commitments on affordable housing
- ensuring that help for London's businesses is accessible, with targeted support for those businesses led by under-represented groups, including programmes delivered through the London Business Hub. Funding will directly support access to entrepreneurship for individuals who may face barriers or may not have the social capital to do so.

2.26 In accordance with the Public Sector Equality Duty and the Mayor's Equality, Diversity and Inclusion Strategy, officers will continue to assess the likely impacts of the proposals set out in this budget on different groups of Londoners as they are further developed and refined. Equalities assessments of individual programmes will be carried out as appropriate, building on the evidence base about the equalities impact of the pandemic.

2.27 This budget may lead to some staffing changes at the GLA. The GLA will closely monitor the potential impact of these changes on diversity and inclusion within the organisation, following its Organisational Change Policy and Procedure, including undertaking individual Equality Impact Assessments for any major restructures that are brought forward for consultation. The organisation will continue to strive to meet its commitment to ensuring that the GLA's workforce, including its senior staff, are representative of London's working age population.

Environmental impact

2.28 The programmes led by the GLA's Environment and Energy Unit have a critical role to play in delivering the goals of the Green New Deal mission as well as meeting the objectives of the Mayor's statutory London Environment Strategy (LES). These include work to:

- drive innovation in policy and support strategic priorities to deliver the Mayor's net zero target by 2030, including the mobilisation of private sector capital
- improve the energy efficiency of London's homes and built environment and promote the use of renewables, especially at the local level
- continue to offer every Londoner affordable, green energy with exclusive offers for those most in need through London Power
- improve air quality, building on the recent expansion of the ultra-low emissions zone
- strengthen London's resilience to the unavoidable impacts of climate change and adapting to climate change
- reduce waste and promote a circular economy
- enhance the city's green spaces and green infrastructure
- enable the development of a thriving green supply chain that accesses growth opportunities in London, nationally and internationally.

2.29 This budget contains significant GLA: Mayor of London funding – both revenue and capital – to support those programmes. That will continue to be supplemented by funding and finance from wider sources. The Environment and Energy Unit has been successful at securing significant funds from central government over recent years and will be seeking a fair share for London from the new funding streams announced as part of the Spending Review. In addition, the Mayor's Energy Efficiency Fund provides a source of finance for low carbon capital projects across the capital, and the GLA is working with TfL and other functional bodies to leverage their purchasing power and assets in support of the Green New Deal, for example through the use of Power Purchasing Agreements (PPA) to support new renewable generating capacity. Further, within the Mayor's proposed allocations of additional funding, outlined in Part 1 of this report, a £90m Climate Emergency Funding Reserve will be established, comprising: £4m to develop high-impact green investment opportunities for the public and private sector; and £86m to support a substantial GLA Green Bond programme, financing direct decarbonisation investment by the GLA Group and its strategic partners as part of the Mayor's Green Financing Facility.

2.30 The Mayor's green objectives go far beyond the work of the Environment and Energy Unit alone. They are embedded broadly across the work of the GLA: Mayor of London to achieve net zero by 2030 and the central role of the environment in London's COVID-19 recovery programme. This includes, amongst others:

- the work of the London Plan driving environmental sustainability in the delivery of new development
- the support provided by the Mayor for new housing, requiring it to meet the highest environmental standards

- the development of a green skills academy to help ensure that new economic opportunities generated by the green transition can be accessed by all of London's communities
- the work of London & Partners and the London Business Hub's programmes to promote inward investment and support the growth of businesses in the capital's rapidly growing green economy as well as help businesses to make the transition to net zero.

Reserves

2.31 The Business Rates Reserve (BRR) is used primarily to manage business rates and council tax income risk and volatility. The balance held on the business rates reserve, as at 31 March 2021 as reported in the GLA's statutory 2020-21 accounts, was £1.634 billion which included £1.2 billion of accrued section 31 grant income for business rates reliefs in 2020-21 which is repayable to billing authorities in March 2022 and £201.2 million in assumed Tax Income Guarantee grant for business rates and council tax irrecoverable losses which are subject to change should local authorities need to amend their outturn data for business rates following the completion of their external audits for 2020-21. In the tables it is reported that the balance held on the BRR will decrease to £277 million at 31 March 2022 declining to £131.5 million by 31 March 2025 as the 2020-21 business rates deficit and sums are applied for GLA group expenditure.

2.32 The revised residual balance on the BRR at 31 March 2025 based on the revised planning assumptions is £131.5 million is just under £57 million lower than the pre-pandemic balance of £188.2 million. This is around £40 million less than the sum the GLA would be required to meet were it to be in a safety net position in any one year assuming its pilot will end in April 2023 and it will be treated on the same basis as London boroughs. There is great uncertainty over the level of retained business rates income the GLA will receive in future years, as explained in Appendix I due in no small part due to the expected reset of business rates growth which is expected to require a resetting of baselines against which this is measured. It should be noted that last time the business rates baselines were set by the government the GLA was required to meet a funding loss of around £120 million in the subsequent two financial years. Should it be identified that the GLA's business rates income is likely to drop below its baseline funding level post reset the Mayor would need to reconsider his budget proposals for that financial year.

2.33 The Executive Director of Resources considers that the aspiration should be to restore the level of the Business Rates Reserve to a level that reflects the risks to future tax revenues, taking account of the actual level of support from the government that will be forthcoming. However, the scale of this likely risk and potential losses in the short- to medium-term means that the Business Rates Reserve will continue to be required and indeed rebuilt over a number of years.

2.34 The Strategic Investment Fund (SIF) reserve was created to manage the draw down of the additional business rates growth generated for the GLA under the 2018-19 and 2019-20 London business rates pilots. The reserve is forecast to be fully utilised by the end of 2022-23. The balance on the Mayoral Development Corporation Reserve (MDC) is forecasted to reduce from £35.7 million at the end of 2020-21 to £19.3 million by the end of 2024-25. This reserve is ringfenced to support LLDC and OPDC, as a contingency held for any unexpected costs.

2.35 A new billing authority repayment reserve was established in the 2021-22 Budget to separate out deficits repayable to London billing authorities – and so not available for GLA services – from the core balances on the business rates reserve which are held to manage risks to the GLA's business rate income. As set out in the draft budget the balance of £258.8 million expected to be held in this reserve in respect of 2021-22 unallocated income has been released to the transport reserve and therefore this has a nil balance at 31 March 2022. Taking into account the additional risk provision set aside for potential business rates losses in 2021-22 this reserve increased to £71.8 million in 2022-23 before being reduced to zero by 31 March 2024. This is on the assumption this sum will be paid to the 33 local authorities but if this is not required the GLA's Executive Director Resources may determine that some or all of this can be applied for expenditure at an earlier date once there is greater clarity on the 2021-22 buisness rates outturn position.

2.36 A new transport services funding reserve has been created. This temporarily holds the £216.9 million transport share of the £258.8 million unallocated business rates income for 2021-22 and the £61.5 million raised from the £20 precept rise for transport services in 2022-23. The Mayor is also proposing to allocate the £60 million increase in the GLA's settlement funding baseline for 2022-23 announced as part of the final local government settlement which is assumed to be a one off to this reserve. This transport services funding reserve is expected to be applied for transport services and therefore drawn down in full by the end of 2023-24.

2.37 The NLE reserve as outlined in the NLE and Crossrail section above has been established to manage short term deficits between the GLA's capital financing costs and the local income received in developer contributions and business rates growth in the designated area. The balance on this reserve is forecast to be £59.4 million at 31 March 2022 declining to £30.4 million at the end of 2024-25.

2.38 The GLA's general reserve will be maintained at £10 million until the end of the planning period. Reserves earmarked for GLA: Mayor services are forecast to be £219.9 million at the close of 2021-22 increasing to £300.9 million by the close of 2024-25, due to the additional proposed funding set out in part 1 which will be profiled for expenditure during 2022-23. The unused earmarked reserves at the end of 2022-23 includes balances relating to the Young Londoners Fund, Right to Buy interest receipts, the new Museum of London, major events and the May 2024 GLA elections.

2.39 The Capital Programme Reserve is forecast to have a balance of £16.6 million at the close of 2021-22 and reduce to £2.2 million by the close of 2024-25. The LLDC Capital Funding reserve estimated to be £116.3 million at the end of 2021-22 will be applied to provide funding to the development of East Bank and other LLDC capital schemes in 2022-23 and later years.

2.40 The table below shows the forecast movement in GLA reserves.

Movement in reserves during financial year	**Outturn 2020-21 £m**	**Forecast 2021-22 £m**	**Budget 2022-23 £m**	**Plan 2023-24 £m**	**Plan 2024-25 £m**
Opening balances	736.5	2,346.3	970.1	1,107.8	525.5
Transfers to/from (-):					
Business Rates Reserve	1,507.2	-1,357.1	-81.8	-79.9	16.3
Northern Line Extension reserve	0.0	59.4	-14.0	-10.0	-5.0
Billing Authority Repayment Reserve	0.0	0.0	71.8	-71.8	0.0
Transport services funding reserve	0.0	216.9	166.0	-382.9	0.0
Mayoral Development Corporation Reserve	14.3	-12.7	-3.8	1.0	-0.9
Reserves earmarked for GLA services	92.3	-83.2	88.5	0.2	-7.7
Capital Programme Reserve	-9.3	-25.1	-6.3	-5.5	-2.6
LLDC Capital Funding Reserve	100.2	-129.1	-52.4	-33.2	11.8
Strategic Investment Fund	-95.8	-45.1	-30.0	0.0	0.0
Assembly Reserve	0.8	-0.3	-0.2	-0.2	-0.1
General Reserve	0.0	0.0	0.0	0.0	0.0
Closing balances	**2,346.3**	**970.1**	**1,107.8**	**525.5**	**537.3**

2.41 The forecast total reserves at the end of each financial year are summarised below:

Total reserves at end of financial year	Outturn 2020-21 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Business Rates Reserve	1,634.0	277.0	195.1	115.2	131.5
Northern Line Extension reserve	0.0	59.4	45.4	35.4	30.4
Billing Authority Repayment Reserve	0.0	0.0	71.8	0.0	0.0
Mayoral Development Corporation Reserve	35.7	23.0	19.2	20.2	19.3
Transport services funding reserve	0.0	216.9	382.9	0.0	0.0
Reserves earmarked for GLA services	303.1	219.9	308.4	308.6	300.9
Capital Programme Reserve	41.7	16.6	10.3	4.8	2.2
LLDC Capital Funding Reserve	245.4	116.3	63.9	30.7	42.5
Strategic Investment Fund	75.1	30.0	0.0	0.0	0.0
Assembly Reserve	1.3	1.0	0.7	0.5	0.5
General Reserve	10.0	10.0	10.0	10.0	10.0
Closing balances	**2,346.3**	**970.1**	**1,107.9**	**525.5**	**537.3**

2.42 The GLA’s published budget submission can be found here.

Greater London Authority: London Assembly

3.1 The separate component budget for the London Assembly comprises GLA costs arising in respect of Assembly Members, of employees of the Authority who work as support staff for the Assembly, of goods and services procured solely for the purposes of the Assembly and of the support provided by the Assembly to London TravelWatch, the watchdog for transport users in and around London.

Key deliverables

3.2 The Assembly Secretariat supports the Assembly in:

- holding the Mayor to account
- conducting investigations into issues of importance to Londoners
- enabling Assembly Members to conduct their representative and constituency roles
- raising its profile and enhancing its reputation among Londoners
- overseeing the work of London TravelWatch.

Revenue expenditure and council tax requirement

3.3 The Mayor is proposing that the Assembly's net revenue expenditure for 2022-23 is £8.0 million.

3.4 In this Final Draft Budget the Mayor is also proposing to fund a potential pay award across the GLA Group. This funding will be held centrally until the Chief Officer determines the award to be made.

3.5 Deducting the retained business rates income results in the Mayor proposing a council tax requirement for the Assembly of £2.7 million in 2022-23. The indicative revenue budget for the Assembly is set out in the table below on an objective basis.

Objective analysis Assembly	Revised Budget 2021-22 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Assembly Members	2.0	2.1	1.9	1.9	1.9
Member Services	2.3	2.2	2.2	2.2	2.2
Committee Services	0.7	0.7	0.7	0.7	0.7
Scrutiny	1.4	1.4	1.4	1.5	1.5
Assembly Communications	0.4	0.4	0.4	0.4	0.4
Director/Business Support	0.3	0.4	0.3	0.3	0.3
London TravelWatch	1.1	1.1	1.1	1.1	1.1
Net revenue expenditure	**8.3**	**8.3**	**8.0**	**8.1**	**8.1**
Transfer to/from (-) reserves	-0.3	-0.3	-0.2	-0.2	-0.1
Financing requirement	**8.0**	**8.0**	**7.8**	**7.9**	**8.0**
Specific Grants	0.5	0.5	0.0	0.0	0.0
Retained Business Rates	4.9	4.9	5.1	5.2	5.3
Council tax collection fund surplus/ (deficit)	0.0	0.0	0.0	0.0	0.0
Council tax requirement	**2.6**	**2.6**	**2.7**	**2.7**	**2.7**

Explanation of budget changes

3.6 An analysis of the year on year movement in the Mayor's proposed council tax requirement for the Assembly compared to the revised budget for 2021-22 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2021-22 council tax requirement	2.6
Changes due to:	
Net change in service expenditure	-0.3
Change in use of reserves	0.1
Government grants	0.5
Retained business rates funding	-0.2
2022-23 council tax requirement	**2.7**

Net change in service expenditure

3.7 Net expenditure is proposed to reduce by £0.3 million in 2022-23, compared to the level budgeted in 2021-22, to meet the financing requirement of £7.8 million. This reduction is proposed to be met from reintroducing a vacancy factor to staffing budgets as well as an equivalent 2.25 per cent savings on the London TravelWatch budget.

Change in use of reserves

3.8 The 2022-23 Assembly budget includes a net increase in the use of reserves of £0.1 million. The main purpose of this reserve is to fund resettlement costs when Assembly Members leave office, which did occur following the 2021 election. The Assembly reserve is forecast to be £1.0 million at the end of 2021-22 reducing to £0.5 million by the end of 2024-25. A further breakdown of this can be found above in the tables below paragraph 2.38.

Increase in retained business rates

3.9 The Mayor proposes to increase the business rates allocation to the Assembly by £0.2 million compared to 2021-22 reflecting the increase in council tax funding allocated to the Assembly in 2022-23.

Equalities and environmental impact

3.10 There are no specific equalities or environmental impacts arising from the Assembly's budget. The Assembly scrutinises the Mayor's performance in this regard.

Mayor's Office for Policing and Crime

4.1 The Mayor's Office for Policing and Crime (MOPAC) works on behalf of Londoners to fund and hold the Metropolitan Police Service (MPS) to account, reduce crime and improve the provision of criminal justice services across the capital. MOPAC's Police and Crime Plan, currently under consultation, sets out the Mayor's strategy for policing and crime reduction over a three-year period from 2022-23 to 2024-25.

Key deliverables

4.2 On 16 November 2021, the Mayor published his draft Police and Crime Plan for London for consultation with Londoners, partners and victims of crime.

4.3 The draft Plan sets out the Mayor's commitment to ensure London's police service has the resources it needs to put more officers on the streets to suppress violence, including violence against women and girls, and to respond to the demands and pressures of policing a capital city. The Plan also outlines the action the Mayor is taking to continue to hold the MPS to account, ensuring all Londoners have trust and confidence in their police force.

4.4 Figures show that violence was falling in London before the pandemic, and over the past year knife crime, youth violence and gun crime have come down further. Despite a decline in overall homicides, the number of teenage homicides in London has increased this year. Continuing to drive down crime and prevent violence and the loss of young lives is at the heart of the Mayor's priorities for this term.

4.5 The four key themes of the draft Plan are:

- **Reducing and preventing violence** – preventing and reducing violence affecting young people; making London a city in which women and girls are safer and feel safer; reducing reoffending by the most violent and high-risk groups; preventing hate crime; and working together to prevent terrorism
- **Increasing trust and confidence** – increasing public trust in the MPS and reducing gaps in confidence between different groups; ensuring that the MPS engages with Londoners and treats them fairly; and ensuring that the MPS, borough councils and all community safety partners respond to neighbourhood crimes such as burglary and anti-social behaviour
- **Better supporting victims** – improving the service and support that victims receive from the MPS and the criminal justice service; working to ensure victims receive a better criminal justice response and outcome; and reducing the number of repeat victims of domestic abuse and sexual violence
- **Protecting people from being exploited or harmed** – reducing the number of young people and adults who are exploited or harmed; keeping young people in the justice system supported and safe; and ensuring that Londoners are protected in public, in private and online.

4.6 The consultation on the draft Police and Crime Plan ran until 21 January 2022, findings are currently being reviewed and will inform the final Plan which will be published by the end of 2021-22.

4.7 The Mayor published his Action Plan in November 2020 to improve trust and confidence in the MPS and to address community concerns about disproportionality in the use of certain police powers affecting Black Londoners. The Mayor has committed, as part of the action plan, to invest £1.7 million each year for a three year period from 2021-22 to 2023-24 to develop greater community involvement in police officer training and in the recruitment and progression of Black officers in the MPS. The MOPAC budget for 2022-23 incorporates £1.7 million of activity in relation to this Action Plan.

4.8 The Mayor's top priority continues to be keeping Londoners safe and the Final Draft Budget has been produced to support this aim. The Budget includes a transfer of approximately £30 million from reserves in 2022-23, as well as in 2023-24 and 2024-25 to provide funding for the additional 1,000 police officers which the Mayor provided upfront funding for in 2019-20, to ensure that police officer numbers can be maintained over the medium-term. The remainder of the annual funding required for these additional officers is provided through council tax on an ongoing basis.

4.9 In line with his priorities in February 2021 the Mayor allocated an additional £38.1 million of funding arising from the council tax base being higher than earlier billing authority estimates which were used to inform his 2021-22 Budget Guidance allocations. Of this additional allocation, £30 million was allocated to the MPS, and £8 million was used to fund services provided by MOPAC and the Violence Reduction Unit (VRU) to reduce violence and support victims of crime. This included expanding GPS tagging of violent offenders after prison and extending the funding for youth work services for young victims of violence seen in London's four Major Trauma Centres and Accident and Emergency departments. £3 million of the £8 million of this funding was allocated to the VRU.

4.10 In this final budget the Mayor proposes to allocate additional funding of £23.2 million on a recurring basis towards tackling violence and teen homicide, and protecting victims of violence against women and girls. MOPAC and the VRU will use this funding to run a wide range of hyper-local programmes to prevent and reduce the risk of teen violence and homicide. These programmes will concentrate on locations, some at neighbourhood and ward level, where London has seen the highest rates of teen homicide. The Mayor has also allocated funding to the MPS to tackle drug-related violence in the most high-risk London boroughs.

4.11 The additional funding in this final budget will also deliver the Mayor's manifesto commitment of a refreshed strategy to prevent violence against women and girls (VAWG) and support its victims. Essential services will be maintained such as long-term support to women and girls impacted by harmful practices, specialist advocacy, counselling and case work, and supporting in particular victims of stalking, sexual and domestic abuse. Lastly, the Mayor has allocated funding for the MPS to recruit 100 additional emergency call handlers, to give them the vital capacity they need to respond quickly to emergency calls which have increased in complexity and volume. This will help to ensure the public and victims in particular, get the prompt, quality service they deserve.

4.12 Furthermore, the Mayor is committed to delivering the MPS transformation programme. The transformation portfolio aims to deliver:

- for the public – building confidence and tackling the issues that matter to them most
- for MPS's people – providing strong leadership and equipping them with the skills and tools which match their commitment to the job
- digital transformation – exploiting the digital revolution, new technology and valuing data
- organisational transformation – becoming a flexible and agile organisation.

4.13 The VRU, hosted by MOPAC, is tackling violence through a programme of investment, partnership with public sector organisations, policy advocacy, developing research and data, and critically, putting London communities and young people at the heart of its preventative and public health approach.

4.14 The final budget includes ongoing Mayoral funding for the VRU of £17.1 million from £8.5 million, this represents an increase of £8.6 million to that provided last year and an allocation of £1.6 million from the London Crime Prevention Fund (LCPF). Over the last three years, the Home Office has allocated £7 million of grant funding to the London VRU and the budget assumes the VRU will continue to receive this level of funding in future years. Current indications are that Home Office grant funding will increase, but this is subject to confirmation. The budget also includes an additional £2.5 million Home Office funding in 2022-23 and 2023-24 for Teachable Moments.

Responding to the London Recovery Board's missions

4.15 Together MOPAC and the MPS are committed to supporting the London Recovery Board's missions, in particular 'high streets for all', 'digital access for all' and 'a robust safety net'. The MPS has played a leading role on the London Recovery Board and in the creation of London's first-ever city-wide Anchor Institutions' Charter. Other points to note include:

- the Commissioner of Police sits on the London Recovery Board
- the MPS is participating in various London Recovery Board initiatives (such as maximising commercial investment opportunities in London's small and medium businesses) and continues to work closely with the GLA on this

- MOPAC has updated its oversight processes to ensure alignment to London Recovery Board priorities is considered as part of the investment appraisal process
- safety is a critical foundation for London's recovery and the draft Police and Crime Plan aligns with and complements the work of the London Recovery Board. Furthermore, a safe London is essential to reviving the city's economy including the tourist sector. The 2022-23 Budget includes funding for 650 new officers working in town centres and high streets to reduce crime and increase confidence in communities through greater police visibility. It also supports MPS and MOPAC activity to ensure women feel safe on London's streets
- regarding the mission to ensure a robust safety net, the MPS has ensured safeguarding teams are in place on all BCUs (Borough Command Units) and officers across London work directly on public protection, supporting victims of domestic abuse and children
- regarding the mission to ensure digital access for all, the MPS has contributed to this by increasing access to its services online (crime reporting and local information) to ensure they are accessible to Londoners and contactable in the way people prefer to use, in person, by phone or online.

Gross revenue expenditure

4.16 The Mayor is proposing a gross revenue expenditure budget for MOPAC of £4,269.3 million in 2022-23. The proposed budget is £219.8 million higher than the forecast 2021-22 outturn of £4,049.5 million and £214.8 million greater than the revised 2021-22 budget of £4,054.5 million. By 2024-25 the budget is planned to increase by a further £238.9 million to £4,508.1 million.

Net revenue expenditure and council tax requirement

4.17 After deducting fees, charges, and other income, the use of reserves from MOPAC's gross revenue expenditure and its share of the estimated council tax collection fund deficit for 2021-22, the Mayor proposes that MOPAC's financing requirement for 2022-23 will be £3,834.7 million. The Mayor's proposed revenue budget for MOPAC is set out in the table overleaf on an objective basis.

Objective analysis MOPAC	Revised Budget 2021-22 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Metropolitan Police Service					
Frontline Policing	1,397.7	1,436.8	1,440.6	1,524.1	1,546.2
Met Operations	878.1	869.2	865.6	865.8	866.2
Specialist operations	457.9	452.8	450.1	446.9	447.0
Corporate services	571.7	588.3	549.7	509.1	487.3
Professionalism	128.8	121.2	122.9	123.9	120.5
Total business groups	**3,434.2**	**3,468.3**	**3,428.9**	**3,469.8**	**3,467.2**
Discretionary pension costs	34.4	35.3	34.4	34.4	34.4
Centrally held	76.8	38.7	257.1	382.6	474.6
Capital financing costs	110.3	108.3	140.9	121.3	120.0
Total corporate budgets	**221.5**	**182.3**	**432.4**	**538.3**	**629.0**
Mayor’s Office for Policing and Crime					
Victims Services and Crime Prevention	68.6	66.7	62.5	55.4	54.4
Oversight and Accountability	8.3	7.1	7.4	7.1	7.0
Shared audit function	1.7	1.5	1.6	1.6	1.6
Total MOPAC	**78.6**	**75.3**	**71.5**	**64.1**	**63.0**
Violence Reduction Unit (VRU)	22.2	27.6	33.0	30.4	25.7
Non-structural gap	0.0	0.0	0.0	-81.6	-117.6
Savings to be found	0.0	0.0	0.0	-11.7	-31.9
Net revenue expenditure	**3,756.5**	**3,753.5**	**3,965.8**	**4,009.3**	**4,035.4**
Transfer to/from (-) reserves	-97.0	-93.6	-124.0	-119.4	-81.4
Financing requirement	**3,659.5**	**3,659.9**	**3,841.8**	**3,889.9**	**3,954.0**
Specific grants	674.5	675.0	655.7	623.9	619.4
Retained business rates	27.9	27.9	65.4	66.1	66.9
Council tax collection fund deficit	-6.3	-6.3	-7.2	-7.2	0.0
Home Office Police Grant	2,158.5	2,158.5	2,278.4	2,332.0	2,366.2
Council tax requirement	**804.9**	**804.9**	**849.5**	**875.1**	**901.5**

4.18 The Budget confirms a £10 increase in the policing element of the GLA's Band D council tax of £10 in 2022-23 and 1.99 per cent increases in 2023-24 and 2024-25 respectively.

Explanation of budget changes

4.19 An analysis of the year on year movement in the Mayor's proposed council tax requirement for MOPAC compared to the revised budget for 2021-22 is set out below. An explanation of each change is provided in the paragraphs that follow. The £15.2 million budget gap which was outstanding in the draft budget has been closed through reductions and efficiencies in police staff pay and supplies and services.

Changes in the council tax requirement	**£m**
2021-22 council tax requirement	804.9
Changes due to:	
Net change in service expenditure and income	209.3
Use of reserves	-27.0
Government grants	-101.2
Retained business rates funding	-37.5
Council tax collection fund deficit	0.9
2022-23 council tax requirement	**849.5**

Net change in service expenditure and income

4.20 The Budget for 2022-23 proposes a £209.3 million net increase in service expenditure and income. This reflects several net movements, including the impact of increased officer numbers and the expenditure impact of the drawdown from reserves of the additional funding previously provided by the Mayor through retained business rates, to fund an additional 1,000 officers. The Mayor has also provided funding for a further 300 officers locally on an ongoing basis from the police precept increases in prior years. The net change includes the additional funding of £23.2 million the Mayor now proposes to invest in in tackling violence and teen homicide, and protecting victims of violence against women and girls. This includes £67.9 million of additional savings in 2022-23 delivered through a variety of programmes across property, IT, back office functions and a 1 per cent efficiency saving across all business functions and managing vacancies. This is in addition to more than £1 billion in savings that have been delivered since 2012-13.

4.21 MOPAC/MPS pursue value for money in everything they do and Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) have said the MPS is good at making use of the resources available to it. The MPS transformation programme is one of the largest seen in the UK public sector. It has combined significant efficiencies in the MPS estate, with investments to optimise operational activity such as contact, response and investigations, and increased productivity by streamlining central HQ functions. All MPS spending programmes above £0.5 million are scrutinised by MOPAC prior to approval by the Deputy Mayor for Policing and Crime to ensure the case for investment is robust, all options have been explored, competitive processes have been followed and best value achieved.

4.22 MOPAC/MPS are active participants in the GLA Group collaboration agenda. For example, MOPAC are involved in programmes to explore how the Group can drive efficiency and consistency in commissioning practices by working more collaboratively across functional bodies. The MPS are a significant partner in collaboration programmes to reduce costs across the group in energy procurement.

Change in use of reserves

4.23 In 2022-23 the budget proposes an increase in the use of reserves of £27.0 million, reflecting a proposed £124 million transfer from reserves compared to the revised 2021-22 budgeted position of a £97.0 million transfer from reserves. The most notable drawdowns relate to £40.2 million from the supporting One Met Model and managing the budget reserve, the majority of this drawdown relates to a contribution to capital costs. There is also a £29.3 million drawdown from the £118.6 million of retained business rates income paid in advance by the Mayor in 2019-20 to fund the additional 1,000 police officers until at least March 2025.

Net change in government grants and retained business rates

4.24 The Mayor is proposing that MOPAC will receive £65.4 million in funding via retained business rates in 2022-23; a £37.5 million increase compared to 2021-22. This reflects the funding share of historic council tax freeze grant which since 2016-17 has been allocated through retained business rates to the GLA through the local government finance settlement plus an additional £5 million contribution towards MPS command and control and £24.6m to manage workforce pay pressures.

4.25 Total Home Office core general grants to MOPAC have increased by £124.7 million to meet the additional costs of recruiting an additional 1,825 additional officers in 2022-23, and brings the total number of additional officers funded through the Police Uplift Programme to 4,557 by 2022-23. This is 1,443 officers less than then 6,000 officers the Commissioner, supported by the Mayor, have been asking for over the three-year period to 2022-23. Given the view of the Commissioner and the Mayor that these officers are required, they are shown in expenditure plans from 2023-24, a year later than previously anticipated. In the absence of any further clarity from government on funding for that and subsequent years, the budget does not include any additional funding for the 1,443 officers, leading to a non-structural funding gap of £81.7 million in 2023-24 rising to £117.6 million in 2024-25. The separate capital grant has ceased with a corresponding increase of £3.3 million to revenue grant funding.

4.26 There is a forecast decrease in specific grants of £18.8 million in 2022-23. This is due in the main to the removal of certain grants that were received in 2021-22, for example one-off grants for combatting violence and one-off Counter Terrorism grants. Confirmation of the full set of additional grants for specific crime types is still awaited and the specific grants budget will be updated accordingly once they are confirmed.

Equalities impact

4.27 This budget sets out how resources will be allocated in support of the draft Police and Crime Plan due to be published by the end of 2021-22.

4.28 Central to the Police and Crime Plan is the Mayor's Equality, Diversity and Inclusion Strategy, 'Inclusive London', which sets out key inequalities affecting the lives of Londoners. This strategy drives work on equality and inclusion, including race equality, with a range of projects, programmes and policies that, in addition to policing, span education, health and civil society. GLA community engagement and advisory functions provide expertise on race equality to bring insight and shape to MOPAC's work. These include the Mayor's Equality, Diversity and Inclusion Advisory Group, the Migrant and Refugee Advisory Panel and civil society partner organisations.

4.29 In allocating resources due consideration has been made to legal obligations, in particular the need to exercise the equality duty under the Equality Act 2010, to have due regard to the impacts based on sufficient evidence appropriately analysed.

4.30 MOPAC continues to work closely with the GLA Group on the implementation of 'Inclusive London' and the Mayor's commitment to economic fairness. The Metropolitan Police Commissioner is a member of the GLA's London Recovery Board which is addressing a number of the Mayor's diversity priorities including to narrow social, economic and health inequalities, and to support communities most impacted by the pandemic.

4.31 MOPAC's plans are underpinned by a commitment to inclusion, diversity, equality. The risks of offending and victimisation change in nature as people age. The budget includes resources to increase the safety and confidence of young people and adults in London, recognising the different specific needs and risks for Londoners at different stages of their lives. Proposals include investment to prevent and reduce violence affecting young people, reduce offending behaviour, improve the service and support that victims receive from the MPS and the criminal justice service, and increase public trust in the MPS.

4.32 The budget includes comprehensive measures to reduce serious violence, crimes that disproportionately affect Black Londoners particularly. The proposed allocation of resources also underlines the Mayor's commitment to ensuring that Londoners of all races have confidence in the police, receive a high-quality service from the justice system and that ethnic disproportionality is identified, addressed and includes investment to deliver the Mayor's Action Plan for Transparency, Accountability and Trust in Policing and the MPS new Strategy for Diversity, Inclusion and Engagement.

4.33 Resources have been included to strengthen enforcement against the perpetrators of hate crime and to improve the support available to victims of these offences. This includes investment in disability hate crime, transgender hate crime offences, racist hate crime, sexual orientation hate crime offences and hate crime linked to religion and belief all of which are increasing.

4.34 There are significant differences between genders in relation to victimisation and offending. In particular the budget recognises the scale and harm of violence against women and girls, providing funding from a variety of sources to programmes preventing, or supporting victims of violence against women and girls (in support of VAWG) and women's safety including supporting the work of the GLA Night Czar. MOPAC is currently refreshing its VAWG strategy; investment in VAWG and women's safety is expected to increase as part of this.

4.35 Further Equality Impact Assessments (EIAs) will be undertaken as appropriate as proposals are developed. These assessments will then be published as part of the decision-making process.

Environmental impact

4.36 The MPS has an environment and sustainability programme in place to ensure MOPAC complies with UK environmental legislation. This programme aims to drive the continual improvement of environmental performance at an organisational level. The MPS activities to deliver 'sustainability outcomes' are aligned to the Environment policy and Environment and Sustainability strategy objectives as well as commitments under the London Environment Strategy. In addition, the Commissioner of Police is a member of the London Recovery Board for whom a key priority is the delivery of the Green New Deal which has as its mission to "tackle the climate and ecological emergencies and improve air quality by doubling the size of London's green economy by 2030 to accelerate job creation for all."

4.37 The MPS has commissioned specialist consultants and engaged in activities to identify and address the challenges of Net Zero Carbon (NZC) by 2030 in line with the Mayor's policy. Having undertaken an impact assessment to deliver this, the MPS has undertaken an initial desktop analysis to begin to understand the financial impact and is currently in the process of developing a NZC 2030 strategy while implementing NZC measures as part of currently funded and approved schemes. MPS has also initiated individual building surveys to understand in detail the costs associated with delivering NZC 2030 for the property estate as a whole. This will build upon the work currently underway at three Public Sector Decarbonisation Scheme (PSDS)-funded sites, the two sites for which PSDS funding has been applied, and a further five pipeline projects for which feasibility studies have been undertaken ahead of applications for funding. Work is also being undertaken to ensure MPS is better positioned to take advantage of further rounds of PSDS grants. The MPS is part of a MOPAC-chaired Net Zero 2030 working group jointly with GLA Environment, reporting monthly on progress in planning for the 2030 target, and works more generally with the GLA on deliver of the Mayor's Net Zero 2030 target.

4.38 MOPAC's commitment to the air quality policies in the London Environment Strategy has ensured that the MPS's fleet based within the Ultra Low Emission Zone (ULEZ) is fully compliant, except for 17 protection vehicles, and will ensure the entire fleet is ULEZ compliant by 2023. These exceptions are agreed between the MPS and the GLA through a Memorandum of Understanding. Of the total fleet of 5,200 vehicles, 781 are now electric, hybrid or hydrogen vehicles. By 2025, the entire support fleet of 800 vehicles will be hybrid and from 2025, the MPS will seek to ensure that all new vehicles purchases, including those for response duties, are hybrid or electric. Currently there is no fully electric vehicle capable of delivering police response duties. The MPS continues to work with all vehicle manufactures to evaluate new products that come to the market to ensure it is able to switch to a greener fleet at the earliest opportunity.

Reserves

4.39 At 31 March 2022, MOPAC's general reserves are expected to total £46.6 million and these are expected to remain at this level for the next three financial years. It is forecast that MOPAC will hold £423.0 million of earmarked reserves at the close of 2021-22 and these reserves will reduce to £98.2 million by the end of 2024-25. The expected movements in reserves over the planning period are set out in the following table.

Movement in reserves during financial year	Outturn 2020-21 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Opening balances	391.5	563.2	469.6	345.6	226.2
Transfers to/from:					
Earmarked reserves	125.1	-93.6	-124.0	-119.4	-81.4
General reserves	46.6	0.0	0.0	0.0	0.0
Closing balances	**563.2**	**469.6**	**345.6**	**226.2**	**144.8**

4.40 The expected total reserves at the end of each financial year are summarised in the following table. The unused earmarked reserves as at the end of 2024-25 include £23.1 million of funding to protect police officer numbers, and £23 million in support of property costs.

Total reserves at end of financial year	Outturn 2020-21 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Earmarked reserves	516.6	423.0	299.0	179.6	98.2
General reserves	46.6	46.6	46.6	46.6	46.6
Total	**563.2**	**469.6**	**345.6**	**226.2**	**144.8**

4.41 MOPAC's published budget submission to the Mayor can be found here.

London Fire Commissioner

5.1 The London Fire Commissioner (LFC) is responsible for fire and rescue services in London and supporting the London boroughs in their emergency planning role. It oversees the work of the London Fire Brigade (LFB).

5.2 LFC's London Safety Plan sets out how LFC will contribute to making London the safest global city. In summary, the Plan's key priorities are to:

- use resources in a flexible and efficient way, arriving at incidents as quickly as the Fire Brigade can
- develop and train staff to their full potential, at the same time transforming the London Fire Brigade to ensure it is an employer of choice and that staff have the opportunity to influence how the Brigade works
- plan and prepare for emergencies that may happen and making a high quality, effective and resilient response to them.

Key deliverables

5.3 The key headline targets in the existing London Safety Plan are to:

- achieve fairness and equality of outcomes for Londoners by having all London boroughs below the national (England) average rate for the occurrence of primary fires
- dispatch fire engines quickly to emergency incidents after answering a 999 call, with the first and second fire engines arriving quickly at emergency incidents, within six and eight minutes respectively, on average across London
- for the first fire engine to arrive within 10 minutes on 90 per cent of occasions after being dispatched and 12 minutes on 95 per cent of occasions after being dispatched.

Gross revenue expenditure

5.4 The Mayor is proposing an increase in the LFC's gross revenue expenditure of £8.3 million to £508.6 million in 2022-23 compared to the forecast outturn for 2021-22.

Net revenue expenditure and council tax requirement

5.5 After deducting fees, charges, and other income from LFC's gross revenue expenditure the Mayor proposes that its net expenditure for 2022-23 will be £464.4 million. Its financing requirement after the use of reserves is £458.4 million.

5.6 The Mayor is proposing a 1.99 per cent increase in the non-policing element of the Band D GLA council tax charge in 2022-23 excluding transport services. The additional income generated as a result of this increase will be allocated in full to the LFC, reflecting the need to address the additional funding pressures faced by the LFB in future years. As a result, the council tax requirement for the LFC increases from £171.8 million in 2021-22 to £180.7 million in 2022-23.

5.7 The Mayor's proposed revenue budget for LFC is set out in the following table on an objective basis.

Objective analysis London Fire Commissioner	Revised Budget 2021-22 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Community safety	39.6	39.6	40.7	41.5	42.3
Firefighting and rescue	376.6	381.3	388.5	401.6	412.2
Firefighters' pensions	22.0	21.4	22.2	22.4	22.7
Emergency planning and London Resilience Team	1.1	1.0	1.1	1.1	1.1
Central services	0.2	0.2	0.2	0.2	0.2
Net service expenditure	**439.6**	**443.4**	**452.6**	**466.9**	**478.5**
Capital financing costs	10.6	9.0	12.4	12.1	12.1
External interest receipts	-0.6	-0.6	-0.6	-0.6	-0.6
Net revenue expenditure	**449.5**	**451.7**	**464.4**	**478.3**	**490.0**
Transfer to/from (-) reserves	-10.2	-12.8	-6.1	-6.1	-0.6
Financing requirement	**439.3**	**438.9**	**458.4**	**472.2**	**489.3**
Specific grants	33.9	34.1	36.5	33.9	33.9
Government grant for income losses	6.8	6.2	0.0	0.0	0.0
Government funding for NI levy	0.0	0.0	0.0	2.6	2.6
Retained business rates	228.1	228.1	242.7	247.4	252.2
Council tax collection fund surplus/ (deficit)	-1.4	-1.4	-1.6	-1.6	0.0
Council tax requirement	**171.8**	**171.8**	**180.7**	**189.9**	**200.6**

Explanation of budget changes

5.8 An analysis of the year on year movement in the Mayor's proposed council tax requirement for LFC, compared to the Mayor's revised budget for LFC in 2021-22 is set out below. An explanation of the year-on-year changes is provided in the paragraphs that follow.

5.9 In this Final Draft Budget, the Mayor is also proposing an additional £5.9 million of funding is provided to LFC to fund the future potential pay award and the forthcoming increase in the employers' national insurance contributions. Further detail is provided in Part 1 of this report. The tables in this section have been updated to reflect these proposed additional amounts.

Changes in the council tax requirement	£m
2021-22 council tax requirement	171.8
Changes due to:	
Net change in service expenditure and income	17.5
Use of reserves	4.1
Government grants	-2.6
Retained business rates funding (and funding for NI increase)	-17.2
Council tax collection fund deficit	0.2
Government grant for income losses	6.8
2022-23 council tax requirement	**180.7**

Net change in service expenditure and income

5.10 The budget includes a net £17.5 million increase in service expenditure and income, with £15.5 million of this increase attributable to operational staffing due to forecast pay awards and growth in the employer's National Insurance contributions in 2022-23. The net increase also includes an increase in capital financing costs of £1.8 million and inflationary pressures.

5.11 The budget also incorporates planned savings and efficiencies of £4.3 million in 2022-23. Detailed savings proposals can be found in the LFC's budget submission; however, in summary, they relate to transformation initiatives, better use of surplus accommodation at Union Street and across the estate and reflect efficiencies in general housekeeping budgets such as stationary, paper, printing equipment, travel and accommodation.

Change in use of reserves

5.12 The 2022-23 budget proposes the use of £6.1m of earmarked reserves to fund various specific items including transformation initiatives and offsetting increased energy costs. This represents £4.1m less than was budgeted to be used in 2021-22 (£10.2m).

Government grants

5.13 LFC budgeted to receive £33.9 million of specific government grants in 2021-22. This figure has been increased by £2.6m from the general services grant on a one off basis for 2022-23 to meet the additional cost to the LFC from increases in employer's National Insurance Contributions.

5.14 It should be noted the estimated grant income of £36.5 million in 2022-23 does not include any additional funding as a result of the implications of the McCloud/Sargeant pensions case on transitional protection arrangements. The outcome of this case is likely to result in significant additional payments by the LFC. Discussions are ongoing with central government regarding the timing and value of this expenditure and any resulting increases required to LFC grant income.

Council tax collection fund deficit

5.15 LFC's contribution to the collection fund deficit has been calculated as £1.6 million (£1.4 million in 2021-22).

Government grant for income losses

5.16 LFC budgeted to receive £6.8 million of funding from government to partially compensate for income losses due to COVID-19 in 2021-22. No similar grant is expected in 2022-23.

Retained business rates funding

5.17 The Mayor is proposing LFC will receive £242.7 million in funding via retained business rates in 2022-23, an increase of £14.6 million compared to 2021-22.

Equalities impact

5.18 The London Fire Brigade (LFB) continues to work closely with the GLA Group on the implementation of the Mayor's equality, diversity and inclusion strategy and commitment to economic fairness. Following cross-organisational consultation and engagement, the Brigade launched its new inclusion strategy, the 'Togetherness Strategy' on 1 July 2020. Embedded within this strategy are commitments to increasing capability and capacity of the organisation to embed equality considerations into all elements of decision making.

5.19 The requirement for each budget proposal to undergo an Equality Impact Assessment was communicated to all Heads of Department as part of the LFB budget guidance. This included specific instructions setting out the LFB's obligations under the Equality Act and Public Sector Equality Duty, with guidance to support them to complete Equality Impact Assessments (EIAs) on relevant proposals. In addition, an EIA has been undertaken on the proposals which have a direct impact on staff (fewer than 10) who are in positions which are at risk of deletion.

5.20 The Inclusion Team has been consulted, and work will continue to ensure EIAs are conducted and reviewed particularly where savings proposals identify impacts which require mitigation or justification.

Environmental impact

5.21 The budget submission has been reviewed for sustainability and environmental implications. The LFC will continue to monitor performance through the ISO 14001-certified Environmental Management System that covers the functions of the LFB and published Sustainable Development Annual Reports. The LFC's budget includes allocations that will support most of the LFC's commitments under the London Environment Strategy and the recovery's Green New Deal mission as part of the London Recovery Board. This includes implementing responsible procurement, reducing waste, improving air quality, increasing London's green cover, adapting to climate change, and reducing CO2 emissions. Additional funding will be required to deliver the acceleration of carbon reductions in order to achieve net zero carbon by 2030. LFC's detailed budget submission sets out the actions taken, and resources allocated by LFC to comply with the London Environment Strategy and Green New Deal mission.

Reserves

5.22 At 31 March 2022, LFC's general reserves are expected to total £16.6 million. Under current assumptions they are forecast to increase to £17.0 million by 31 March 2025.

5.23 It is forecast that LFC will hold £64.0 million of earmarked reserves at the close of 2021-22; these reserves will reduce to £50.8 million by the end of 2024-25 if the Budget Flexibility Reserve (BFR) is required to offset savings requirements during 2023-24. The expected movements in reserves over the planning period are set out in the following table.

Movement in reserves during financial year	Outturn 2020-21 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Opening balances	79.1	93.3	80.6	74.5	68.4
Transfers to/from (-):					
Earmarked reserves	17.3	-13.3	-6.1	-6.1	-0.9
General reserves	-3.1	0.6	0.1	0.0	0.3
Closing balances	**93.3**	**80.6**	**74.5**	**68.4**	**67.8**

5.24 The expected total reserves at the end of each financial year are summarised below. These amounts are expected to the utilised over the medium term, but the exact timing is still to be confirmed. The actual call on these reserves will be reviewed over the planning period.

Total reserves at end of financial year	Outturn 2020-21 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Earmarked reserves	77.3	64.0	57.8	51.7	50.8
General reserves	16.0	16.6	16.7	16.7	17.0
Total	**93.3**	**80.6**	**74.5**	**68.4**	**67.8**

5.25 LFC's published budget submission to the Mayor can be found here.

Transport for London

6.1 TfL is responsible for the planning, delivery, and day-to-day operation of the Capital's public transport system, including London's buses, London Underground and Overground including the Elizabeth line, the DLR, London Trams and London River Services. It is also responsible for managing road user charging schemes (the Congestion Charge, ULEZ and LEZ), maintaining London's main roads and traffic lights, regulating taxis and private hire vehicles, making London's transport more accessible and promoting walking and cycling initiatives.

6.2 The ongoing coronavirus pandemic continues to create significant uncertainty for a number of industries across the country. For TfL specifically, it has decimated fares income, with the return of passengers and economic recovery remaining a key challenge to future sustainability. Despite the removal of coronavirus-related legal restrictions in England, the pandemic has altered the behaviours of the travelling public which has made it increasingly challenging for TfL to extrapolate future travel patterns.

6.3 In the Spending Review, the government stated that for the period 2022-23 to 2024-25 TfL will not receive any additional capital funding, only retain the £1 billion element of retained business rates the GLA previously received for this purpose. The government also confirmed they do not intend to provide any further revenue support beyond March 2023 to TfL.

6.4 As TfL is required to make a submission into the GLA budget process to allow the Mayor to set his Budget for 2022-23 covering the period 2022-23 to 2024-25, this budget submission incorporates this reduced level of funding and specifically in 2022-23 assumes the receipt of circa £1.2 billion of extraordinary grant funding. However, TfL is required to prepare a budget that is balanced over both the short and medium term.

6.5 For 2022-23, TfL is able to balance the budget but requires extraordinary central government support to be able to do so. For the years 2023-24 and 2024-25, TfL anticipates being able to balance the budget through the new revenue sources provided by the Mayor, as required by the government, but requires significant interventions on capital investment and service levels. TfL will continue to develop its financial plans, informed by continued funding discussions with the government.

Key deliverables

6.6 The key outcomes over the next year include:

- rebuilding and maintaining confidence by continuing enhanced cleaning regimes to ensure the transport network is cleaner than ever before, operating a reliable service, and creating reassuring marketing campaigns

- with the expansion of the ULEZ to the north and south circular roads in October 2021, TfL are leading the way in improving London's toxic air quality with the toughest air quality standards of any city in the world: covering all roads within the North and South Circular roads. TfL will continue the operation of the expanded ULEZ and provide regular reporting on the compliance levels and the benefits this is delivering in improved air quality
- Elizabeth line – work continues to progress the Elizabeth line and is on track to open the line in the first half of 2022. The Elizabeth line will increase central London's rail capacity by 10 per cent and improve journey times for those crossing London East/West.

6.7 Given the current position on funding, and the requirement to assume a 'Managed Decline' scenario over the period 2022-23 to 2024-25, for the budget this also means:

- TfL will continue to optimise the bus network in response to changing demand, and TfL and partner authorities' plans for other modes. However, the 'Managed Decline' scenario would require a more than four times increase in the current service reductions planned for the bus network from 4 per cent to around 18 per cent over the period to 2024-25 subject to consultation, impact assessments as appropriate and decision making processes
- given the impact these service reductions will have on the rate that new vehicles are required, and that London has been excluded from eligibility for bus electrification funding from the Spending Review, this will slow the transition to zero-emission vehicles. This will mean delaying the completion of a zero-emission bus fleet beyond 2034
- reductions in TfL's capital programme following the move to 'Managed Decline' are likely to lead to reductions in borough funding. This will stop all enhancements and leave only a small provision for renewals. This means that there will be no further TfL funding for the borough Local Implementation Plan programme or other programmes such as the borough cycle network development, the remaining Liveable Neighbourhoods and cycle parking under a 'Managed Decline' scenario.

Gross service expenditure

6.8 Gross service expenditure reduces by £426.8 million, from £8,063.7 million in the revised budget for 2021-22 to £7,636.9 million in the latest forecast driven by operating cost savings implemented and lower net debt interest payable, partially offset by lower third-party contributions.

6.9 Gross service expenditure in 2022-23 will increase by £629.1 million compared to the latest forecast for 2021-22: a result of new initiatives – including the full-year impact of ULEZ expansion in October 2021, activities related to the planned opening of the Elizabeth line and inflationary pressures.

Net service expenditure and council tax requirement

6.10 The pandemic has exposed TfL's increasing reliance on covering its operating costs from fare revenue (72 per cent pre-pandemic) compared to other similar authorities. It is currently expected that passenger journeys will only return to 73 per cent of pre-pandemic forecasts by the end of 2021-22 and up to circa 84 per cent throughout 2022-23; however, TfL continue to monitor the changing external environment given the emergence of new coronavirus variants, and passenger and government responses to such developments.

6.11 The Mayor proposed in his Budget Guidance that as a planning assumption, TfL's council tax requirement for 2022-23 would increase to £52.5 million from £51.6 million and its retained business rates allocation would rise to £946.2 million from £914.5 million. As the proposed £20 Band D council tax increase for transport services in 2022-23 is being held initially within the GLA: Mayor's component budget this has not changed. The balance of net revenue expenditure is assumed to be financed by £1,241.5 million of extraordinary grant income currently assumed to come predominantly from the government. The nature and extent of the funding required will depend on consequent Mayoral and government negotiations and decisions.

6.12 It is estimated that TfL will also be required to pay a £230.5 million contribution towards the group-wide business rates residual collection fund deficit of £275 million for 2020-21 based on the estimates supplied by billing authorities in January 2021. It may also receive additional compensation from the Tax Income Guarantee (TIG) grant – in addition to the £127 million the Mayor has already paid over for general purposes – to offset this. In addition – noting the £275 million deficit for 2020-21 was based on an estimate – the final outturn position in respect of business rates is not confirmed as a large number of London boroughs have still not had their 2020-21 statutory accounts signed off by their external auditors. It is possible the unfunded deficit based on the final 2020-21 audited outturn could be higher and therefore the contribution due from TfL may increase beyond the £230.5 million figure.

6.13 It is currently assumed that £75 million of the £230.5 million deficit contribution will be repaid by TfL as a lump sum in 2021-22 via a reduction to their remaining instalment payments from the Mayor, the remaining £155.5m will be repaid by TfL in 2022-23.

6.14 The table below sets out TfL's budget on an objective basis.

Objective analysis TfL	Revised Budget 2021-22 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Income					
Passenger income	-3,477.6	-3,150.8	-4,474.2	-4,980.3	-5,394.4
CC, LEZ & ULEZ income	-538.3	-652.9	-753.8	-613.3	-791.3
Other income	-637.4	-444.7	-625.8	-693.0	-774.0
Elizabeth line regulatory income	-26.6	-18.4	-269.0	-404.3	-416.5
Subtotal income	**-4,679.9**	**-4,266.8**	**-6,122.8**	**-6,691.0**	**-7,376.2**
Operating costs					
London Underground	2,111.5	2,089.1	2,248.0	2,282.7	2,311.9
Buses/Streets/Other Surfaces	2,869.8	2,865.1	2,920.8	2,907.2	2,966.6
Rail	484.1	476.6	504.6	520.1	541.8
Elizabeth line	435.2	432.4	474.4	494.3	553.2
Elizabeth line Regulatory charge	26.6	18.4	269.0	404.3	416.5
Other Operations	951.5	884.7	1,037.4	705.8	594.7
Property Development	52.6	55.9	56.0	50.1	50.3
Subtotal operating costs	**6,931.4**	**6,822.3**	**7,510.1**	**7,364.7**	**7,434.9**
Other					
Third-party contributions	-33.5	-30.9	-29.9	-29.6	-27.3
Debt servicing	448.7	439.6	441.3	432.2	466.0
Subtotal other	**415.1**	**408.7**	**411.4**	**402.6**	**438.7**
Net service expenditure	**2,666.6**	**2,964.3**	**1,798.7**	**1,076.4**	**497.4**
Revenue resources used to support capital investment	608.6	299.9	159.2	-57.3	641.0
NNDR deficit repayment to the GLA	75.0	75.0	155.5	0.0	0.0
Transfer to/(from) reserves	-497.7	-523.4	150.6	101.4	2.3
Financing requirement	**2,852.5**	**2,815.9**	**2,264.0**	**1,120.4**	**1,140.7**
Specific grants from DfT/GLA	13.7	18.8	8.1	65.7	4.2
Retained business rates	914.0	914.5	946.2	862.1	878.8
Funding for NI increase	0.0	0.0	15.8	15.5	16.0
Council tax collection fund surplus/(deficit)	0.0	0.0	-0.1	-0.1	0.0
Extraordinary grants	1,873.3	1,831.0	1,241.5	0.0	0.0
Council tax requirement	**51.6**	**51.6**	**52.5**	**177.2**	**241.7**

Explanation of budget changes

6.15 An analysis of the year-on-year movements in the council tax requirement compared to the revised budget for 2020-21 is set out below. An explanation of each change is provided in the paragraphs that follow.

6.16 In this Final Draft Budget, the Mayor is also proposing an additional £54.7 million of funding is provided to TfL to fund the future potential pay award and also make a capital contribution towards the Crossrail funding gap in 2022-23. Further detail is provided in Part 1 of this report. The tables in this section have been updated to reflect these proposed additional amounts.

Changes in the council tax requirement	**£m**
2021-22 council tax requirement	51.6
Changes due to:	
Passenger and commercial revenue and other income	-1,442.6
Net change in service expenditure	662.6
Debt servicing	-7.4
Revenue resources used to support capital investment	-449.4
Use of reserves	648.2
Government and other revenue grants	637.5
Retained business rates (and funding for NI increase)	-48.0
Council tax collection fund deficit	0.0
2022-23 council tax requirement	**52.5**

Passenger and commercial revenue and other income

6.17 Passenger, commercial and other income is estimated to decrease by £413.1 million, from £4,679.9 million in the Revised Budget 2021-22 to £4,266.8 million in the latest forecast for 2021-22, primarily due to slower than expected recovery of passenger demand and higher ULEZ compliance in the newly-expanded zone and lower vehicle volumes. To illustrate the uncertainty around how travel patterns may recover to pre-pandemic levels, TfL have developed a range of different passenger travel scenarios which flex four core variables: GLA Economics scenarios, office worker return profile, office worker new normal and winter suppression. The credible range of possible revenue outcomes for 2021-22 is +£100 million to -£40 million. The central scenario in this plan assumes that demand is supressed over winter during the flu season and then gradually increases up until July 2022 when the level of commuter travellers reaches 65 per cent of pre-pandemic levels, circa 84 per cent overall. TfL continue to monitor the changing external environment given the emergence of new coronavirus variants, and passenger and government responses to such developments.

6.18 To help meet TfL's legal requirement of a balanced budget from 2023-24, service level cuts over and above those set out in TfL's Financial Sustainability Plan would be required under current income forecasts. TfL have carried out a high-level assessment of the impact of substantial service cuts to its network. On Tube and rail services consideration would need to be given to implementing every service reduction where there is a net cost saving subject to consultation, impact assessment and decision making process. This would amount to around 9 per cent of the service. On buses, TfL's high-level assessment has identified a further 18 per cent of service cuts, which would require over 100 routes to be withdrawn (about a seventh of the network) and over 200 routes (about a third of all remaining routes) would have frequencies reduced.

6.19 The Night Tube restarted on 27 November 2021 for the Central and Victoria lines: work continues to confirm a date for restarting the remaining lines. The Waterloo & City line re-opened a weekday peak service on 7 June 2021 as London started recovering from the pandemic. A full weekday service was provided between 22 November and 22 December 2021; however this service has reverted back for the time being to a weekday peak service only due to the recent worsening of the COVID-19 situation following the recognition of the Omicron variant. The Northern line extension opened on 20 September 2021 with two new stations. This was the first large tube extension of the twenty-first century and is already playing a vital role in regenerating the Vauxhall, Nine Elms and Battersea areas.

6.20 The 1 June 2021 funding agreement included a commitment that TfL will continue with its existing plan to increase fares in line with their Business Planning assumption of an overall fares increase by the July 2021 retail price index plus 1 per cent (4.8 per cent) on fares under the Mayor's control in January 2022 which has now been changed, in agreement with the government, to March 2022. The 17 December 2021 extension to this agreement permits a RPI increase this year, but with government funding only in 2022-23. Any changes in fares are subject to a Mayoral decision to be made shortly.

6.21 TfL has a comprehensive range of travel concessions, which are an important part of providing affordable travel around London. In June 2020 TfL announced the Freedom Pass and 60+ Oyster would be removed from the AM peak on a temporary basis in response to the pandemic, as required by the government.

6.22 Road User Charging income includes the expansion of the ULEZ in October 2021 out to the North and South Circular roads, which drives increased income in 2021-22 (partial year of operation) and 2022-23. Early indications show the expansion of the ULEZ has been successful in delivering the desired policy outcomes from the scheme by improving air quality, there has been greater compliance of vehicles and fewer journeys by polluting vehicles being made compared to original expectations. One consequence of greater compliance is reduced proceeds from the scheme compared to those anticipated, which equates to roughly £600 million over the three years 2022-23 to 2024-25. In addition, the budget assumes a widening of road user charging schemes in later years to deliver the Mayor's transport policies, subject to a full impact assessment, consultation as appropriate, and decision-making processes. The implementation costs have not at this stage been included as discussions are still ongoing.

Net change in operating expenditure

6.23 The net change in service expenditure is an increase of £662.6 million between Revised Budget 2021-22 and 2022-23. Around £480 million of this increase is due to introducing new services, such as the Elizabeth line, the Northern line extension and expansion of ULEZ. The remainder is primarily due to inflation and the new employer's National Insurance levy. The plan for 2022-23 also fully covers the cost of debt servicing allowing for the transfer of revenue resources to support the capital plan.

6.24 In the Financial Sustainability Plan, TfL committed to delivering recurring operating cost savings totalling up to £730 million between 2019-20 and 2024-25. In 2019-20 and 2020-21 £340.0 million of recurring savings was delivered, compared to a target of £336.0 million. TfL's latest plan shows a further £390.0 million of savings will be made from 2021-22 to 2024-25, delivering total savings of £730.0 million between 2019-20 and 2024-25.

6.25 The cost reduction programme continues across all areas of TfL as it continues to drive the development of a modern, efficient, high-performing organisation. 2022-23 will be the seventh year of the cost reduction programme and will mean TfL have made recurring savings (before inflation and other cost pressures) up to £1,148 million by the end of March 2022. This includes a forecast increase in recurring savings of £60.8 million in 2021-22.

6.26 TfL plans to make new savings of £122.2 million in 2022-23. These are incremental to the savings already achieved from 2015-16 to 2020-21 and those forecast to be delivered in 2021-22. There remain significant risks to these plans: £80 million of savings have a high risk, meaning workstreams have no or immature plans identified to deliver the savings targets. A further £25 million of savings are identified as medium risk; early plans are in place, but these require further work to ensure delivery.

6.27 These 2022-23 savings, all of which deliver cashable benefits, are across all TfL's divisions:

- London Underground will deliver additional savings of £102.0 million through their modernisation plan
- Surface Transport – Buses, Streets and Other Operations, and Rail – will deliver £12.7 million of new incremental savings
- Savings of £3.5 million across Professional Services following the implementation of the Procurement & Supply Chain transformation programme which will also bring wider supply chain savings across the organisation once complete
- A further £4.0 million of savings from accommodation savings, primarily from sub-letting head office buildings.

Debt servicing

6.28 Debt servicing reduces by £7.4 million in 2022-23 compared to the Revised Budget 2021-22 predominantly due to maturing debt expected to be refinanced at lower rates. There is no new net borrowing planned for 2021-22 and 2022-23.

Revenue resources used to support capital investment

6.29 To support the organisation towards a financially sustainable future, TfL have substantially reduced the level of capital expenditure proposed for 2022-23, compared to the 2021-22 budget, as they move to a 'managed decline' scenario consequent to funding negotiations with the government. Consequently, the revenue resources required to support the capital expenditure reduces from £608.6 million to £159.2 million in 2021-22 and 2022-23 respectively.

Use of reserves

6.30 On an objective basis, TfL's reserves will increase by £150.6 million during 2022-23. Although grant receipts are expected to fall slightly resulting in adverse movements in the TfL Group's working capital, these losses are expected to be more than offset by proposed reductions in net capital and net operating expenditure and asset sales which result in an increase in usable reserves during the year.

Other revenue grants

6.31 Overall income from specific grants will decrease by £5.6 million in 2022-23 compared to the Revised Budget 2021-22. This is primarily due to the non-recurrence of funding received from government in 2021-22 to boost transport capacity for dedicated school and college bus services during the height of the pandemic.

Retained business rates

6.32 Subject to consultation and billing authority forecasts due in late January 2022, the Mayor proposes to allocate a total of £1,949.5 million to TfL in 2022-23, which comprises of funding from the Mayor's council tax precept of £52.5 million and business rates funding of £1,897 million. Of the £1,897 million business rates funding, £946.2 million is allocated to the operating account and £950.8 million to capital. Funding received from business rates is not restricted to support capital investment and can be used to cover operating and financing costs.

Council tax collection fund deficit

6.33 TfL's contribution to the 2020-21 council tax collection fund deficit which is repayable through the GLA to billing authorities over three years has been calculated as £0.1 million in respect of the 2022-23 budget year.

Equalities impact

6.34 TfL's obligations in equalities legislation, the Mayor's Transport Strategy and Inclusive London form the basis of their work on inclusion, diversity, equality and accessibility.

6.35 TfL's plans are underpinned by a commitment to inclusion, diversity, equality and accessibility, which are set out in TfL's revised Equality Objectives, published in Autumn 2021 and will be in TfL's "Action on Inclusion" document due to be published ahead of the London Recovery Board meeting on 1 March 2022.

6.36 TfL's financial planning environment is currently volatile and differs from the approach they have taken in normal years. TfL have been producing several budget revisions within year reflecting its changing funding position, as well as a number of deliverables required by funding deals with the government. Throughout these processes, TfL remains focused on its responsibilities related to equality, inclusion, diversity and accessibility.

6.37 Throughout its engagement with government on funding and the production of the various documents required by TfL's current funding deal, officers have ensured that considerations related to the variety of underrepresented or underserved groups across London are a key part of any assessment.

6.38 Public transport services are essential for equity, equality, and making London open and accessible for everyone. When planning future investments, TfL plans to address the equality and inclusion needs of all Londoners. However, with the current level of uncertainty and shortfall in funding, funding for enhancements in public transport services such as bus travel, step-free access or reducing overcrowding is not available – affecting those from disadvantaged backgrounds or with accessibility needs. TfL is making the case to government about why these are essential considerations for any future funding.

6.39 Many disabled people have reduced access to the public transport network as a result of stations requiring navigating steps or escalators. 84 per cent of disabled Londoners report that their disability limits their ability to travel. TfL have been increasing the proportion of the network that is step-free: currently 90 Tube stations, 60 London Overground stations and most of the 27 stations served by TfL Rail have step-free access. All DLR stations and tram stops are step free as are 95 per cent of bus stops, but this progress would completely cease under a 'Managed Decline' capital expenditure plan. With reduced renewals, there would be more frequent failures of lifts and escalators – with a broken lift often meaning someone who depends on it simply cannot travel.

6.40 In November 2021, TfL initiated a public consultation which focuses on step-free access priorities. The results will be used to shape and inform any future approach to step-free improvements on the London Underground network, depending on government funding for a future programme.

6.41 Overcrowded services are a further deterrent to travel. A wheelchair space being occupied, or there being too much crowding to enable access to it, can make a bus inaccessible to a disabled passenger. Aversion to highly crowded conditions may persist in future, particularly for older people or others who are more vulnerable to respiratory and other airborne transmitted infections. Reducing public transport service in a way that increases crowding beyond tolerable levels would disproportionately affect those with disabilities or such vulnerabilities. Significant service reductions are assumed in this budget; however a full integrated impact analysis would take place before any changes were implemented.

6.42 A commitment to increase transport fares in January 2022 by RPI+1 per cent was agreed with the government as part of the 1 June 2021 funding agreement, though this requirement was varied in the 17 December 2021 extension of that agreement. Above inflation fare increases can lead to negative impacts on the ability of all users to access London's transport network. However, they can help to ensure the continued provision of services. The additional income from fare rises (directly from passengers and indirectly from the DfT funding agreement) allows TfL to continue to provide a public transport system that provides access and connectivity to all Londoners.

Environmental impact

6.43 TfL is committed to reducing emissions of air pollutants in London, supporting the transition to a zero-carbon city, and supporting delivery of the London Environment Strategy (LES). In September 2021 TfL published its Corporate Environment Plan, setting out the actions it will take to reduce emissions, maximise the value of green infrastructure on their network, reduce waste and support the circular economy, and adapt the infrastructure to be prepared for the impacts of climate change.

6.44 The central London ULEZ contributed to a 44 per cent reduction in harmful roadside nitrogen dioxide (NO2) and a 27 per cent reduction in particulate matter (PM2.5) in the first ten months of its operation, before the pandemic, and these improvements in air quality have been maintained, even when lockdown restrictions were eased over the summer of 2020. On 25 October 2021, the ULEZ expanded to cover the area within (but not including) the North and South Circular Roads. Expansion of the ULEZ was necessary to contribute towards meeting legal limits for NO2, as well as contributing to meeting ambitious targets to reduce PM2.5 and greenhouse gas emissions. The new zone is eighteen times larger than the original central area and covers a population of 3.8 million people. Compliance with the standards has increased significantly from 39 per cent in February 2017 when the Mayor announced his intention to expand the scheme to over 87 per cent when the scheme went live.

6.45 On 1 March 2021, the LEZ standards for heavy vehicles were tightened, matching the ULEZ emission standards for heavy vehicles across most of Greater London. The six-month monitoring report published in September 2021 showed a high compliance rate of 95.5 per cent in August 2021, compared to only 48 per cent in 2017 when changes to the LEZ were announced.

6.46 TfL are committed to reducing emissions of air pollutants and greenhouse gases from the bus fleet. All buses now meet or exceed the cleanest Euro VI emissions standard. In September 2021 the Mayor announced that all new buses ordered by TfL will now be zero-emission. 10 per cent of the bus network will be zero emission by the end of 2022, although the pace of further progress on zero-emission buses will be impacted by the need to adopt the 'Managed Decline' scenario.

6.47 TfL will ensure that all new cars and vans (less than 3.5 tonnes) in TfL's support fleet are zero emission capable (ZEC) from 2025, in line with commitments in the LES for vehicles in the GLA Group fleet.

6.48 Through licensing requirements, TfL sets standards for taxis and private hire vehicles which will result in reduced emissions from these fleets, as well as vehicle age limits. Taxi owners continue to be able to access ZEC taxi vehicle grants helping them transition to zero emissions as soon as possible. TfL have also been providing the necessary electric charging infrastructure to support the switch to zero emissions, as well as delicensing payments to reduce the number of polluting vehicles, helping to reduce harmful NOx emissions from the taxi sector.

6.49 TfL will reduce operational carbon emissions to meet the carbon budgets set out in the LES, through measures to improve energy efficiency and increasing the volume of renewable energy consumed. They are retrofitting lighting across the TfL estate, including London Underground stations and depots. In Spring 2022, TfL will begin procurement for 12.5 per cent of their electricity to be sourced from renewables via direct contracts with renewable energy developers. This will represent a significant step towards the target for TfL rail services to be zero carbon by 2030.

6.50 TfL will continue to support the Mayor's target for London to be at least 50 per cent green cover by 2050. TfL is on track to meet the Mayor's requirement of a 1 per cent annual increase in street tree numbers on the TfL Road Network (TLRN), as part of maintenance activities on the network. TfL is also developing a natural capital account for its green estate, to help improve the way that green infrastructure is embedded and considered within decision-making.

6.51 TfL is continuing to conduct and collaborate on research on the impacts of severe weather on their operations to better understand the likely impacts of climate change, in line with the LES commitment to identify thresholds for disruption. TfL is also conducting a pan-TfL asset climate risk assessment that will inform both a submission to Defra under the Adaptation Reporting Power and a pan-TfL Adaptation Strategy.

6.52 TfL is aiming to reduce waste, including single use plastics, and support the LES target of a 65 per cent municipal waste recycling rate.

Reserves

6.53 At 31 March 2022, general fund reserves are expected to total £500.0 million and are budgeted to remain constant at this level before growing to £757.0 million in 2023-24 and then falling slightly to a balance of £712.0 million by 31 March 2025. It is important to recognise the significant uncertainties facing TfL, including passenger income after extraordinary government support ends, which must be taken into account when determining general reserve levels.

6.54 Earmarked reserves have been established to finance future projects. The street works reserve holds surpluses in relation to street works impacting traffic, which are required under legislation to be applied to reduce the adverse effects caused by street works. TfL maintains a general fund to ensure liquidity and protect from short-term fluctuations in cash requirements.

6.55 The expected movements in reserves over the planning period are set out in the table below.

Movement in reserves during financial year	**Outturn 2020-21 £m**	**Forecast 2021-22 £m**	**Budget 2022-23 £m**	**Plan 2023-24 £m**	**Plan 2024-25 £m**
Opening balances	1,604.2	886.9	526.0	652.0	783.0
Transfers to/from (-):					
Earmarked reserves	-718.6	-362.1	126.0	-126.0	0.0
Street works reserve	1.3	1.2	0.0	0.0	0.0
General reserves	0.0	0.0	0.0	257.0	-45.0
Closing balances	**886.9**	**526.0**	**652.0**	**783.0**	**738.0**

6.56 The expected general fund, street works reserve and earmarked reserves at the end of each financial year are summarised in the following table.

Total reserves at end of financial year	**Outturn 2020-21 £m**	**Forecast 2021-22 £m**	**Budget 2022-23 £m**	**Plan 2023-24 £m**	**Plan 2024-25 £m**
Earmarked reserves	362.1	0.0	126.0	0.0	0.0
Street work reserve	24.8	26.0	26.0	26.0	26.0
General reserves	500.0	500.0	500.0	757.0	712.0
Total	**886.9**	**526.0**	**652.0**	**783.0**	**738.0**

6.57 TfL's published budget submission to the Mayor can be found here

London Legacy Development Corporation

7.1 The London Legacy Development Corporation (LLDC) is a Mayoral Development Corporation (MDC), responsible for promoting and delivering physical, social, economic and environmental regeneration in Queen Elizabeth Olympic Park (QEOP) and surrounding area. In particular, LLDC aims to maximise the legacy of the London 2012 Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of increased social mobility in surrounding communities.

7.2 Since the London 2012 Olympic and Paralympic Games, LLDC has delivered the transformation of the Park and venues from their Olympic to their legacy configuration. LLDC also works in partnership to bring forward regeneration schemes and housing to further the transformation of east London enabled by the London 2012 Games. Two such housing schemes are under contract and in progress, one at Chobham Manor and one at East Wick and Sweetwater. Further work includes delivering East Bank, a new cultural and educational centre, new social and transport infrastructure, and working with the host boroughs and other partners to create economic opportunity and support local people and businesses, as they seek to access it.

Key deliverables

7.3 During 2022-23 the LLDC's revenue and capital budgets will be deployed to deliver its objectives, which include:

- continue construction of East Bank Stratford Waterfront cultural and educational buildings to programme
- manage and maintain the safety and quality of the Park and venues, including retaining Green Flag status
- support safe delivery of major events including the Commonwealth Games Track Cycling
- continue Stadium operations including football, other sports and concerts and agree a long-term strategic approach, working towards improving its financial sustainability, including commercial operations
- delivery of 10-year anniversary celebrations for London 2012
- contribute to delivery of the QEOP Innovation District programme: specifically, CleanTech work streams (electric vehicle charging; smart grid; decarbonisation; and circular economy)
- East Wick and Sweetwater phase 2 construction commences
- developer selected for Stratford Waterfront and Bridgewater residential development; joint venture established
- Hackney Wick Neighbourhood Centre: commencement of construction
- continue to deliver the QEOP 'East Works' jobs and skills programme
- progress EAST Education, an education engagement programme with East Bank partners
- progress LLDC's Transition strategy including agreeing strategic approach to successor arrangements.

Responding to the London Recovery Board's missions

7.4 LLDC's work supports the Recovery Board's Missions in several areas. Its drive to create an inclusive innovation district has seen QEOP host trials for driverless vehicles, escooters and cargo-bike deliveries. Its skills and employment programmes are helping provide young people with the skills to compete for opportunities in the emerging tech and creative sector. The recently opened Good Growth Hub delivers preemployment boot camps, technical skills training, higher education bursaries, paid internships and placements as well as business support and inclusive training for employers. The quality parklands provide the space and environment to benefit health and well-being – both physical and mental. Five new neighbourhoods are being created on QEOP, including a new centre in Hackney Wick to provide the hubs to support local groups and cohesive communities. A network of Park volunteers supports all visitors to the Park providing a mobility service alongside advice and information.

7.5 The continued investment in local people, creating new homes and jobs is vital to London's response to the pandemic signalling the confidence that exists in London's successful economic recovery. The sporting venues play host to some of the biggest international sports events keeping the world's attention on the capital and attracting international visitors. The new museums, theatres and music studios at East Bank will help to reinforce the Park as a must visit part of the capital while its universities and businesses will help drive further investment into the emerging innovation sector attracting businesses large and small to locate in this part of London, supported by the large pool of skilled and talented young people that exists in east London. All this activity will support the creation of jobs in an area badly impacted by COVID-19.

Gross revenue expenditure

7.6 Gross revenue expenditure in 2022-23 for the LLDC is budgeted to be £62.0 million including estimated capital financing costs of £12.0 million and Stadium funding of £12.6 million. The gross expenditure has decreased by £0.1 million from the 2021-22 revised budget and is £3.5 million lower than the forecast outturn for 2021-22 due to reduced Stadium costs. Indicative plans for 2023-24 and 2024-25 are £64.2 million and £67.1 million respectively. Provisions for the cost of the Transition of LLDC in 2024-25 are included.

Net revenue budget and council tax requirement

7.7 Net revenue expenditure in 2022-23 is budgeted to be £43.8 million or £33.2 million net of financing costs and transfers from reserves. This has decreased by £2.0 million from the 2021-22 revised budget and is summarised on an objective basis in the following table.

Objective analysis LLDC	Revised Budget 2021-22 £m	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Park Operations and Venues	9.9	9.6	10.1	9.9	9.8
Trading	9.4	9.0	9.3	9.4	9.6
Development	0.1	0.2	0.1	0.4	0.1
Regeneration	2.8	2.8	2.6	2.5	2.5
Corporate	10.8	11.0	11.7	11.4	11.5
Planning Authority	2.8	2.8	3.0	3.1	1.8
Stadium	11.8	16.9	12.6	10.9	11.2
Contingency	2.6	2.0	0.6	1.2	5.0
Financing costs	11.9	11.2	12.0	15.4	15.6
Total expenditure	**62.1**	**65.5**	**62.0**	**64.2**	**67.1**
Park Operations and Venues	-4.7	-4.0	-4.7	-5.4	-6.6
Trading	-8.0	-8.2	-9.4	-10.0	-9.6
Developments	-0.6	-0.4	-0.6	-0.7	-0.6
Regeneration	-0.1	-0.1	-0.1	-0.1	-0.1
Corporate	-0.2	-0.2	-0.6	-2.7	-2.7
Planning Authority	-1.4	-1.4	-1.4	-1.4	-0.9
Total income	**-15.0**	**-14.3**	**-16.8**	**-20.3**	**-20.5**
Transfer to/ (from) MDC reserve	-7.9	-12.7	-3.8	1.0	-0.9
Net expenditure	**39.2**	**38.5**	**41.4**	**44.9**	**45.7**
Retained business rates	27.3	27.3	29.3	29.5	30.1
General government grant	0.0	0.0	0.1	0.0	0.0
GLA funding for financing costs	11.9	11.2	12.0	15.4	15.6
Council tax requirement	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Explanation of budget changes

7.8 An analysis of the year on year movement in the Mayor's proposed council tax requirement for LLDC, compared to the Mayor's revised budget for LLDC in 2021-22, is set out below. An explanation of the year on year changes is provided in the paragraphs that follow.

7.9 In this Final Draft Budget, the Mayor is also proposing an additional £0.3 million of funding is provided to LLDC to fund the future potential pay award and the forthcoming increase in employers' national insurance contributions. The tables in this section have been updated to reflect these proposed additional amounts.

Changes in the council tax requirement	£m
2021-22 council tax requirement	0.0
Changes due to:	
Net change in service expenditure and income	-1.9
Use of reserves	4.1
Retained busines rates funding (and funding for NI increase)	-2.1
GLA funding for financing costs	-0.1
2022-23 council tax requirement	**0.0**

Net change in service expenditure and income

7.10 There is a £1.9 million net reduction in service expenditure and income. This reflects:

- various movements to trading income forecasts, including an increase in income expected from the interim uses of LLDC's remaining development plots
- an increase in expected income from other commercial opportunities
- reductions to some recurring discretionary spend including professional fees, IT costs, repairs and maintenance and marketing and communications.

7.11 The service expenditure and income estimates take account of savings and efficiencies of £2.9 million in 2022-23. This includes £1.6 million of previously planned savings and efficiencies and £1.3 million identified additionally. These will be delivered from:

- income opportunities – mainly from opportunities at 3 Mills Studios and interim uses of the Corporation's remaining development sites
- discretionary spend – these costs include professional fees, IT costs, repairs and maintenance and marketing and communications; there are also savings expected from a rationalisation of LLDC's office space following a move to a building leased by Transport for London.

Change in use of reserves, retained business rates funding and GLA funding for financing costs

7.12 LLDC receives its revenue funding via the GLA, paid from business rates and funds held in the Mayoral Development Corporation Reserve.

7.13 The Mayor is proposing £29.3 million in funding via retained business rates including funding allocated by MD2392 for 10 year anniversary events of London 2012. Funding for stadium expenditure is also provided by the GLA including £2.5 million from the MDC reserve to fund specific pressures including:

- delays to securing a Stadium Naming Rights partner, loss of concerts and lower commercial revenue as a result of COVID-19
- increase in matchday costs, particularly stewarding where a post-pandemic scarcity of stewards is being experienced across the events industry
- increases in utility costs (electricity) as result of the current high levels of inflation on energy costs.

7.14 Additional commercial opportunities currently in negotiation, including with Major League Baseball, are not currently reflected in the budget but which are expected to conclude over the coming year and would offset the additional funding from the GLA in future years.

7.15 Funding towards the net impact arising from LLDC's response to COVID-19 is being provided outside of its core funding control totals.

7.16 LLDC's reserves have been subsumed into the GLA's earmarked reserves. There is a reduction of £4.1 million in the use of these reserves, which phase out over time with LLDC almost wholly reliant on the GLA for revenue grant funding in the future years.

Net change in existing service expenditure

7.17 The budget proposes a £1.9 million net increase in service expenditure and income (excluding financing costs, and savings and efficiencies), which includes forecast pressures arising from the COVID-19 pandemic that are funded additionally by the GLA.

Change in GLA funding

7.18 LLDC receives its revenue funding via the GLA, paid from business rates and funds held in the Mayoral Development Corporation Reserve. Funding towards the net impact arising from LLDC's response to COVID-19 is being provided outside of its core funding control totals. Total core funding in 2021-22, including reserve movements is £7.3 million less than in the revised 2020-21 budget. The total funding provided for LLDC should be viewed in light of the financial impact from the additional development that has taken place because of the 2012 Games and its legacy.

Equalities impact

7.19 LLDC was established to deliver the legacy ambitions of the London 2012 Games through 'the regeneration of an entire community for the direct benefit of everyone who lives there'. The host boroughs for the London 2012 Games contained some of London's most deprived neighbourhoods and communities and ambitious plans had long been fostered to regenerate this part of east London: to transform the post-industrial landscape while preserving local heritage and to create stronger economic conditions and better life chances for its residents.

7.20 LLDC's mission is 'to use the opportunity of the London 2012 Games and the creation of the Queen Elizabeth Olympic Park to change the lives of people in east London and drive growth and investment in London and the UK, by developing an inspiring and innovative place where people want to – and can afford – to live, work and visit.'

7.21 LLDC promotes equality through its objectives to:

- establish successful and integrated neighbourhoods where people want and can afford to live, work, and play
- retain, attract and grow a diverse range of high-quality businesses and employers, and maximise employment opportunities for local people and under-represented groups
- create a global, future-ready exemplar for the promotion of cross-sector innovation in technology, sustainability, education, culture, sport, inclusion and participation.

7.22 In addition, LLDC is promoting equality by putting in place arrangements to create more affordable housing within the residential developments around QEOP which have yet to be contracted.

7.23 Key positive actions being taken by LLDC include:

- continuation of the Inclusion Campaign and the third theme of recognition launched
- a continued focus on Inclusion and Diversity and social mobility through a weekly all-employee webcast
- a new Inclusion and Diversity governance structure
- developing the approach to setting workforce representation targets
- a continued focus on Anti-Racism initiatives and inclusive language, including a focus on micro and macro aggressions.

Environmental impact

7.24 LLDC's policy is that the Park will use the best of the 2012 Games' infrastructure, innovation and inspiration to provide a pioneering model of urban regeneration promoting sustainable lifestyles through sustainable infrastructure that exceeds requirements under the London Plan. LLDC commits to implementing the new London Plan's environmental policies, and is updating and implementing its adaptation and resilience response to the climate emergency, working towards the Mayor's target to achieve net zero carbon by 2030. To support this objective, LLDC has adopted the use of a shadow carbon price as a consideration for its strategic decision making.

7.25 The Park was conceived as an environmental showcase and will continue to strive for environmental excellence. LLDC has set a wide range of environmental performance measures and publishes an annual sustainability report.

7.26 The Regeneration and Community Partnerships directorate budget for activities promoting environmental sustainability supports the implementation of the London Environment Strategy across the Park's operation and development. This includes implementing a single-use plastic reduction action plan and other circular economy initiatives (including supporting the Mayor's ambition for a 65 per cent recycling rate by 2030), implementing the GLA Group Responsible Procurement policy, and developing and implementing a carbon reduction plan that enables LLDC to achieve a 60 per cent reduction in carbon emissions by 2025 (towards net zero carbon by 2030) from its operations, including plans to retrofit buildings, sourcing more renewable energy, offsetting all flights, and considering the opportunities to support decentralised energy and heat networks.

7.27 Additionally, the budget supports working with stakeholder organisations to bring about good environmental outcomes in collaboration with LLDC partners, both existing (e.g. the Smart Mobility Living Lab) and developing (e.g. with the GLA and partners to promote CleanTech, environmentally beneficial products and services).

7.28 LLDC has a corporate risk around the decarbonisation of the district heating network and its obligation under the concession agreement. LLDC is actively working on a solution to district heating directly with the provider and national government.

7.29 LLDC is exploring all opportunities to jointly procure renewable electricity with the GLA Group.

7.30 LLDC's published budget submission to the Mayor can be found here.

Old Oak and Park Royal Development Corporation

8.1 The Old Oak and Park Royal Development Corporation (OPDC) is the Mayoral Development Corporation (MDC) for the Old Oak and Park Royal Opportunity Area to deliver the strategic regeneration opportunity, creating an inclusive and accessible new urban district.

8.2 The new High Speed Two interchange station at Old Oak Common is due to open within the next decade, bringing outstanding transport connectivity between Old Oak and central London, Heathrow and the wider UK. OPDC will utilise its planning and regeneration powers to ensure that these benefits are maximised by delivering much needed homes, jobs and facilities.

8.3 The budget has been prepared in the context of OPDC moving closer towards delivering the 'Western Lands' regeneration strategy, which will see a new mixed-use urban centre of around 9,000 homes, predominantly on land in public ownership, where key sites are owned by the Department for Transport and Network Rail.

8.4 OPDC's 2022-23 budget includes the costs of administering its existing statutory planning functions, which spans an area in three boroughs (Hammersmith & Fulham, Brent and Ealing); funding to support a significant increase in their interventions in Park Royal to boost the productivity and sustainability of London's largest industrial estate, including a number of third party funding bids; and support to enable OPDC to work with investors and landowners to bring forward innovative early development sites.

Key deliverables

8.5 The key deliverables for 2022-23 are as follows:

- **Western Lands**: Secure agreement from government on how its land assets will be brought forward for the regeneration of Old Oak and a funding package including the development of a full business case.
- **Accelerated development**: Targeted interventions to address market failure and/or optimise development where land can be unlocked, including mobilising Homes for Londoners Land Fund investment for the early delivery of up to 1,500 housing starts by 2028. OPDC will also seek to maximise public benefit through a range of public realm, meanwhile use and programming interventions.
- **Local Plan**: Securing the adoption of the Local Plan, a planning policy framework, that will pave the way for development for the next 20 years and beyond. Upon adoption, OPDC will hold public consultation on the supplementary planning documents that support the Plan.
- **Infrastructure, housing and vision**: Progressing Planning Obligations and Community Infrastructure Levy (CIL) strategies to devise the optimal way to secure contributions towards infrastructure requirements. OPDC has plans to grow its Development Management team in order to facilitate continued delivery of an efficient, high quality pre-application service, bringing enforcement in-house and the determination of significant applications including 1 Portal Way and Atlas Wharf.

- **Industrial regeneration**: Supporting the intensification of industrial land use, through infrastructure improvements, and economic development and innovation including support for emerging sectors. OPDC will work to accelerate the decarbonisation of local industry and infrastructure through increased efficiency, renewable energy, supporting the adoption of electric vehicles etc, and improving access to skills, training and employment with a targeted emphasis on OPDC's most disadvantaged communities.
- **Engaging communities and stakeholders**: Empowering local communities through genuine participation and agency in projects, policies and programmes. OPDC will increase community ownership of assets and programmes, support sustainable funding and pilot new approaches to design and delivery on the ground for the benefit of OPDC's longer term development.

Responding to the London Recovery Board's missions

8.6 Following OPDC's immediate response to support local communities during the height of the pandemic, the Corporation is now considering how to maximise the regeneration opportunity at Old Oak and Park Royal to support London's long-term recovery and prosperity. Set out below is some of the continuing progress made by the Corporation against the London Recovery Board's five key aims.

- **Accelerate delivery of a cleaner, greener London:** Setting out ambitious policies within the Local Plan to improve health and reduce health inequalities; promoting healthier travel with walking and cycling connections; improving public realm and Streetspace enhancements; and delivering more green space (30 per cent of OPDC's area will be public green space).
- **Reverse the pattern of rising unemployment and lost economic growth caused by the economic scarring of COVID-19:** Implementing an ambitious framework for the delivery of 200,000 sqm of additional commercial space, supporting the creation of 56,000 new jobs for West Londoners; a job brokerage service (Forge@ParkRoyal); and supporting smaller businesses to thrive in the local area.
- **Narrow social, economic and health inequalities**: Drive forward the Mayor's ambition to deliver truly affordable homes for Londoners; ensure developments contribute to providing social infrastructure; and ensure that fairness and equality are embedded into how OPDC procure suppliers, engage with communities and plan developments for the future.
- **Support our communities, including those most impacted by the virus:** Supporting local mutual aid organisations and local community projects and organisations through outreach programmes.
- **Help young people to flourish with access to support and opportunities**: Provisioning four super-nurseries, one primary school and two community hubs, together with expanding existing schools in surrounding areas; working with HS2's contractors to help place the available 250 apprenticeships; and utilising Talking Planning, an ambitious three-year creative programme that works with local young people interested in a career in planning and development to demystify, engage and influence the planning process of Old Oak and Park Royal.

Gross revenue and capital expenditure

8.7 Gross revenue expenditure in 2022-23 for the OPDC is budgeted to be £7.5 million. This is £0.8 million higher than the gross forecast revenue expenditure for 2021-22.

Net revenue budget and council tax requirement

8.8 The table below sets out the proposed budget for OPDC on an objective basis.

Objective analysis **OPDC**	**Revised Budget 2021-22 £m**	**Forecast Outturn 2021-22 £m**	**Budget 2022-23 £m**	**Plan 2023-24 £m**	**Plan 2024-25 £m**
CEO Office	0.9	0.9	0.8	0.8	0.8
Planning	1.5	1.5	1.8	1.8	1.8
Delivery	2.2	2.2	3.0	3.0	2.9
Corporate Operations	2.1	2.1	1.9	2.0	2.1
Total expenditure	**6.7**	**6.7**	**7.5**	**7.6**	**7.6**
Planning application and other income	-0.3	-0.3	-0.7	-0.7	-0.6
Net expenditure	**6.4**	**6.4**	**6.8**	**6.9**	**7.0**
Retained Business rates	6.4	6.4	6.8	6.9	7.0
Council tax requirement	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Explanation of budget changes

8.9 An analysis of the year-on-year movement in the council tax requirement, comparing the revised 2021-22 budget to the proposed 2022-23 budget, is set out below.

8.10 In this Final Draft Budget, the Mayor is also proposing an additional £37k of funding is provided to OPDC to fund the future potential pay award and the forthcoming increase in employers' national insurance contributions. The tables in this section have been updated to reflect these proposed additional amounts.

Changes in the council tax requirement	**£m**
2021-22 council tax requirement	0.0
Changes due to:	
Net change in service expenditure and income, excluding inflation and savings	0.4
Increase in retained business rates funding	-0.4
2022-23 council tax requirement	**0.0**

Net change in service expenditure and income

8.11 The budget proposes a £0.4 million net increase in service expenditure. This allows the Corporation to continue its critical path activities to secure adoption of the Local Plan and progress its Western Land strategy, with provision also to strengthen economic development. It will also, more broadly, support the Mayor of London's Recovery Programme: addressing social and economic challenges amplified by COVID-19, adapting existing projects and programmes, and building recovery and resilience into future regeneration plans for Old Oak and Park Royal.

Changes in retained business rates funding

8.12 The OPDC receives its revenue funding via the GLA, paid from business rates and funds held in the Mayoral Development Corporation Reserve. The funding provided by the GLA will increase by £0.4 million in 2022-23, compared to the revised 2021-22 budget.

Reserves

8.13 The budget proposes no transfer to or from reserves.

Equalities impact

8.14 Equality and inclusivity is at the centre of the OPDC's corporate vision, supporting Old Oak and Park Royal to become a renewed urban community, where a thriving local economy supports a great place to work, visit and live; a place that is inclusive, accessible, and diverse; displaying the best practice in social and environmental design; and making a major contribution to London's success as a global city. OPDC's approach to inclusion aligns with the Mayor's Inclusive London strategy.

8.15 The OPDC will:

- deliver new housing and employment capacity for London in ways that are accessible and inclusive for all sections of new and existing communities
- promote regeneration and community engagement, as outlined in the community engagement strategy which centres around inclusive engagement to involve, collaborate with and champion the diverse community in Old Oak and Park Royal

- support a diverse and inclusive workforce, including the development of an Equality, Diversity and Inclusion Strategy and a Race Equity Action plan and continue to monitor, analyse and publish workforce equalities data, to ensure that the workforce, including senior staff, is representative of London's population.

8.16 There is clear evidence that the pandemic was not felt by all Londoners in the same ways or to the same effect, with a disproportionate impact on some Londoners including those from BAME communities, disabled Londoners, and those living on lower incomes. Much of the uneven and disproportionate impact of the pandemic results from long-standing structural inequalities. OPDC's work to address this includes:

- continuing to work on equality, diversity and inclusion as a cornerstone, and critical cross-cutting area of work for the Corporation
- supporting an increased level of engagement with London's communities, with an emphasis on communities and groups who face the greatest challenges and inequalities
- ensuring that the direct impacts of the pandemic on health inequalities can be addressed across the work of the OPDC through specialist public health support.

8.17 In accordance with the Public Sector Equality Duty and the Mayor's Equality, Diversity and Inclusion Strategy, OPDC will continue to assess the likely impacts of the proposals set out in this budget on external groups as proposals are further developed and refined. Equalities assessments of individual programmes will be carried out as appropriate.

Environmental impact

8.18 OPDC's draft Local Plan includes a range of environmental planning policies that will support the Mayor's target for London to become a net zero carbon city by 2030. This includes policies requiring developments to be air quality and biodiversity positive, reduce and re-use waste materials, minimise energy, source energy generation needs from low carbon sources, in accordance with the Mayor's Energy Hierarchy and for 30 per cent of OPDC's area to be public open space – when green roofs are also included this will contribute to the Mayor's target of 50 per cent green cover by 2050. OPDC is developing planning guidance to support the implementation of these policies and is pushing developers to deliver carbon savings that go beyond what is required.

8.19 The OPDC area will benefit from a highly connected network of new and improved streets and open spaces, which will encourage exemplary levels of walking and cycling with plans for all residents to be within a 10-minute walk of a green or open space. Sustainable transport will be embedded at the heart of future developments, with a redesigned and improved local bus network, and a significantly transformed road network.

8.20 Through its Economic Development programme, OPDC is working to develop strategies and pilot implementation of low carbon technologies suitable to support Park Royal's development and reduce its environmental impact. OPDC has been awarded £315k to develop the commercial and business case for building a zero carbon heat network using waste heat from data centres and work will progress on this project in this financial year. OPDC has also been awarded £200k to support businesses and landlords install 5 MW solar panels on roofs and develop an operating model that can be applied to other industrial estates. Additional public and private sector funding will be sought to scale the programme up to 40 MW. OPDC is also commissioning work to establish the most cost effective, resilient and low carbon way to meet power supply across OPDC and to reinforce the grid.

8.21 OPDC is committed to carrying through its green ambitions in the building of new homes, and when delivering new housing, will work with the GLA to ensure best-practice and innovative eco-standards for heating, insulating and powering buildings, as well as ensuring that ample cycle parking and electric charging points come as standard with new developments.

Reserves

8.22 The OPDC has no reserves as its operational expenditure is funded by retained business rates and balances held in the GLA's MDC Reserve. The balance of the contingency for activity in the OPDC area, held in the MDC Reserve, is available to meet unexpected operational pressures.

8.23 OPDC's published budget submission to the Mayor can be found here.

Capital Strategy including Capital Spending Plan

9.1 The Mayor is required to prepare a Capital Spending Plan (CSP) and a long-term capital strategy every year for each of the GLA's functional bodies. Before issuing his final plan, he is required to consult with the Assembly and each functional body under section 123 of the GLA Act 1999. Even though the statutory timetable for the submission of the CSP is different from the requirements for the revenue budget, the same timeframe is adopted to ease consultation. The Mayor is also required to set the borrowing limits for the GLA Group – the proposals for which are set out in Appendices A to E for the GLA and each relevant functional body. In view of OPDC's revised plans for the development of its area, at this stage, no Capital Strategy or Capital Spending Plan can be approved for that body. The London Assembly does not undertake capital expenditure.

9.2 The intention of the Capital Strategy is to drive the Mayor's capital investment ambition, whilst ensuring the sustainable long-term delivery of services. The benefits of preparing a Capital Strategy are that it provides a clear framework for investment decisions, aligns capital plans to the Mayor's priorities and promotes transparency and accountability. It sets out a detailed Capital Spending Plan every year for the five years from 2021-22 and then an indicative high-level capital plan for a further fifteen years.

9.3 The GLA and its functional bodies have different approaches to the preparation of their own Capital Strategy which reflect their separate governance processes. However, the Mayor's Capital Strategy reflects the Group Investment Syndicate's decisions, where the GLA and all functional bodies, excluding TfL, align their treasury strategies. The Mayor's Capital Strategy is set at outturn, rather than current, prices.

9.4 The table below summarises the Mayor's Final Draft Capital Spending Plan (CSP) to 2025-26. Overall capital expenditure will be £304.9m or 7 per cent lower in 2022-23 than in 2021-22. The majority of this reduction reflects the impact of tailing off of the GLA and TfL's additional contribution to Crossrail, agreed in November 2020 as the project nears completion.

Summary of the final draft capital plan 2021-22 to 2025-26	**2021-22 Forecast £m**	**2022-23 Plan £m**	**2023-24 Plan £m**	**2024-25 Plan £m**	**2025-26 Plan £m**	**5 year total £m**
GLA	1,792.5	1,703.7	1,602.4	1,293.5	688.0	7,080.1
MOPAC	252.1	395.6	313.4	309.4	279.8	1,550.3
LFC	35.8	34.0	30.2	20.9	40.4	161.3
TfL	2,184.0	1,823.4	2,047.4	1,889.2	2,993.7	10,937.6
LLDC	242.9	245.7	113.7	39.1	37.4	678.8
Total capital expenditure	**4,507.3**	**4,202.4**	**4,107.1**	**3,552.1**	**4,039.2**	**20,408.2**

9.5 Set out below is a summary of the Mayor's Final Draft Capital Spending Plan for 2022-23 which shows the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act.

Final Draft GLA Group statutory capital spending plan 2022-23 under Section 122 of the GLA Act

Section		GLA £m	MOPAC £m	LFC £m	TfL £m	LLDC £m
	Total external capital grants	1,135.9	77.6	0.0	1,398.1	80.7
	Opening balance of capital receipts	0.0	0.0	0.0	0.0	0.0
	Total capital receipts during the year	141.9	73.6	0.0	412.9	51.1
A	**Total capital grants/ receipts**	**1,277.8**	**151.2**	**0.0**	**1,811.0**	**131.8**
	Minimum s.120(1) grant	0.0	0.0	0.0	0.0	0.0
	Total borrowings during the year	426.4	186.7	34.0	0.0	113.8
	Total credit arrangements during the year	0.0	0.0	0.0	0.0	0.0
B	**Total borrowings and credit arrangements**	**426.4**	**186.7**	**34.0**	**0.0**	**113.8**
	Total capital expenditure anticipated during the year	1,703.7	395.6	34.0	1,823.4	245.7
	Total amounts which may be treated as borrowing in the year because of section 8(2) of the Local Government Act 2003	0.0	0.0	0.0	0.0	0.0
C	**Total capital spending for the year**	**1,703.7**	**395.6**	**34.0**	**1,823.4**	**245.7**
	Funding: capital grants and contributions	1,135.9	78.3	0.0	1,446.6	80.7
	Funding: capital receipts/reserves	64.2	78.4	0.0	67.0	51.1
	Funding: borrowings and credit arrangements	426.4	186.7	34.0	0.0	113.8
	Funding: revenue contributions	77.2	52.2	0.0	309.8	0.0
D	**Total funding**	**1,703.7**	**395.6**	**34.0**	**1,823.4**	**245.7**

9.6 Set out below is a summary table of the GLA and each functional body's high-level capital spending need for the subsequent fifteen years. These estimates are based on many detailed assumptions, set out in the individual Capital Strategies for the GLA and functional bodies. However, it shows that on average over the fifteen-year period, the Mayor has a capital spending need on average of some £9.8 billion every year from 2026-27 onwards. Just under 98 per cent of this spending need arises from housing and transport.

Capital strategy

Outturn prices	Years 6-10 2026-27 to 2030-31 £m	Years 11-15 2031-32 to 2035-36 £m	Years 16-20 2036-37 to 2040-41 £m	Total Years 6-20 2026-27 to 2040-41 £m
GLA: Mayor				
Housing	24,529.8	24,500.0	24,500.0	73,529.8
Regeneration	293.5	223.1	81.0	597.5
Environment	197.8	185.8	185.0	568.5
Other	154.1	161.6	174.9	490.5
Subtotal GLA	**25,175.2**	**25,070.4**	**24,940.8**	**75,186.3**
MOPAC				
Transformation	709.9	724.1	740.1	2,174.1
Maintenance	152.8	123.8	130.7	407.4
Subtotal MOPAC	**862.7**	**848.0**	**870.9**	**2,581.5**
LFC				
Estate, ICT and fleet maintenance	155.9	178.5	146.1	480.5
Subtotal LFC	**155.9**	**178.5**	**146.1**	**480.5**
TfL				
Line extensions	1,329.3	3,504.4	6,062.0	10,895.7
Line upgrades	3,949.6	5,163.7	4,999.8	14,113.1
Enhancements	3,624.8	6,978.4	5,375.6	15,978.8
Renewals	8,302.2	9,583.9	10,636.2	28,522.3
Subtotal TfL	**17,205.9**	**25,230.4**	**27,073.6**	**69,509.9**
LLDC				
Construction, infrastructure and lifecycle	108.8	39.6	21.0	169.4
Subtotal LLDC	**108.8**	**39.6**	**21.0**	**169.4**
TOTAL GLA GROUP	**43,508.5**	**51,366.8**	**53,052.4**	**147,927.6**

9.7 The table below shows the GLA and each functional body's total spending need over years five to twenty against the likely level of capital resources available and illustrates the scale of likely shortfall. Although this analysis is again subject to many assumptions set out in the individual Capital Strategy documents, it shows that the scale of capital need far outweighs the likely level of capital resources that under existing government policy the Mayor is likely to receive.

Outturn prices	Years 6-10 2026-27 to 2030-31 £m	Years 11-15 2031-32 to 2035-36 £m	Years 16-20 2036-37 to 2040-41 £m	Total Years 6-20 2026-27 to 2040-41 £m
GLA: Mayor				
Spending need	25,175.2	25,070.4	24,940.8	75,186.3
Likely funding	4,046.4	181.2	181.2	4,408.7
Subtotal GLA shortfall	**21,128.8**	**24,889.2**	**24,759.6**	**70,777.6**
MOPAC				
Spending need	862.7	848.0	870.9	2,581.5
Likely funding	249.3	206.5	267.8	723.6
Subtotal MOPAC shortfall	**613.4**	**641.4**	**603.1**	**1,857.9**
LFC				
Spending need	155.9	178.5	146.1	480.5
Likely funding	0.0	0.0	0.0	0.0
Subtotal LFC shortfall	**155.9**	**178.5**	**146.1**	**480.5**
TfL				
Spending need	17,205.9	25,230.4	27,073.6	69,509.9
Likely funding	16,036.0	17,209.0	19,431.6	52,676.6
Subtotal TfL shortfall	**1,169.9**	**8,021.4**	**7,642.0**	**16,833.3**
LLDC				
Spending need	108.8	39.6	21.0	169.4
Likely funding	108.8	39.6	21.0	169.4
Subtotal LLDC shortfall	**0.0**	**0.0**	**0.0**	**0.0**
Total GLA Group shortfall	**23,068.0**	**33,730.5**	**33,150.8**	**89,949.4**

9.8 The following sections set out the key issues arising from the above tables for the GLA and each of the functional bodies.

Greater London Authority

9.9 The GLA's detailed five-year CSP of £7.080 billion over 2021-26 can be summarised, as follows:

- housing expenditure of £4.869 billion which is principally to allow 116,000 affordable homes starts within London by 2023 and an additional 165,000 affordable homes starts by 2026
- the GLA's additional contribution to Crossrail of £0.874 billion

- regeneration expenditure of £0.629 billion which includes the Getting Building Fund, Further Education programme, Skills for Londoners, the Growing Places Fund and the Good Growth Fund, and Environment programmes, such as Warmer Homes and drinking fountains
- other capital expenditure of around £0.735 billion principally for the Northern Line Extension and the LLDC for East Bank
- in addition, there is £46.7 million available in the capital receipts unapplied reserve ringfenced to fund capital expenditure.

9.10 The detailed GLA CSP for the period 2021-26 reflects the current levels of availability of government capital funding, which acts a constraint on the Mayor's ambitions for London. The Mayor will continue to press for additional capital funding from the government, in particular given the climate and ecological emergency.

9.11 The GLA's shortfall between spending need and likely level of resource is on average over £4.7 billion per annum from 2026-27 onwards. This principally results from the level of affordable housing to achieve the aim set out in the London Plan of half of all new homes built to be genuinely affordable, after allowing for only the existing level of government grant being maintained rather than increased to the levels needed. In addition, the gap arises from the bold ambitions for London set out in the Mayor's London Environment Strategy and the assumption that there will be a continued need to invest in regeneration and skills at least at current levels, but presently there are no confirmed resources for such programmes.

9.12 The GLA's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix A.

MOPAC

9.13 This budget continues to deliver an ambitious capital programme for the MPS. This will enable significant transformation to ensure the MPS can meet demands of policing, including vital renewal of IT; improving the use of space on the estate in order to facilitate disposals and a more efficient operational capacity, and funding to significantly enhance the MPS forensics provision. Programmes within the proposed capital programme have been selected and prioritised by reference to MPS's Transformation Portfolio. This amounts to a £1.6 billion investment programme over the five-year period 2021-22 to 2026-27.

9.14 This expenditure will be funded through a contribution from capital receipts generated by the estates transformation programme, capital grants and borrowing. As the MPS estates transformation matures, the opportunity for capital receipts reduces and the need for borrowing increases.

9.15 The MPS has reviewed and challenged both the quantum of proposed capital investment for each area of spend, the prioritisation of the proposals to ensure these are consistent with the Police and Crime Plan, and the phasing of the proposed spend to ensure that the organisation has the capacity and capabilities to deliver.

9.16 In the 2022-23 provisional police settlement, despite vocal calls from the Mayor and forces across the country for the government to increase capital funding for the police, the government announced it intended to remove the police capital grant (MPS received £3.3m capital grant in 2021-22) and provide central allocations, including for air policing and technology, instead.

9.17 Borrowing represents £187 million in 2022-23. This is expected to represent 47 per cent of capital funding in 2022-23 rising significantly to 80 per cent in 2025-26. This will increase the cost of capital financing, which is funded from the revenue budget and in turn create pressures on already stretched resources, crowding out revenue expenditure on operational priorities.

9.18 MOPAC's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix B.

LFC

9.19 LFC's detailed five-year CSP of £161.3 million over 2021-26 allows for maintenance and replacement of the Commissioner's building, fleet and IT assets and some limited sustainability works and new developments.

9.20 LFC's shortfall between spending need and likely level of resource is on average some £32 million per annum from 2026-27 onwards, after allowing for an assumed level of borrowing. This shortfall principally results from the need to continue to invest and maintain assets, such as the LFC's estate, IT and fleet. The programme includes the capital investment requirements to ensure that the LFC's fleet meets the ULEZ and replacement of vehicles as they come to the end of their useful life.

9.21 LFC's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix C.

Transport for London

9.22 TfL's five-year CSP of £10.938 billion over 2021-26 can be summarised, as follows:

- renewals of £3.846 billion
- line upgrades of £3.264 billion
- streets, buses and other surface expenditure of £0.626 billion
- other corporate expenditure, including on rail, of £1.516 billion
- Crossrail, including Elizabeth line trains and enabling works of £0.955 billion
- expenditure on London Underground of £0.482 billion
- line extensions of £0.249 billion.

9.23 TfL's capital strategy has been developed in response to the funding challenges and the uncertainties presented by the pandemic. TfL have focussed their investment on the safety and operability of the network while looking ahead to identify what investment is needed to renew and improve the transport network to support full economic recovery for London and the UK. It is based on a mix of TfL's 2021 Long Term Capital Plan (LTCP) scenarios which was approved by the TfL Board in December 2020. For 2022-23 to 2025-26, the period largely covered by the government's latest spending review, the strategy is based on TfL's 'Managed Decline' scenario. In later years, capital funding levels are assumed to gradually improve and the strategy will transition into the 2021 Policy Consistent LTCP scenario which delivers closest to the Mayor's Transport Strategy vision by 2041. It also sets out the funding required to achieve this vision, which will be subject to future funding mechanisms and discussions with the UK government.

9.24 There continues to be a strong case for developing Crossrail 2 as a major scheme for the longer-term development of London. At this stage TfL expects construction work on Crossrail 2 to commence outside the period covered by this Capital Strategy, but it remains an important long-term scheme for London. This was reflected in TfL's Long Term Capital Plan, which extended beyond the horizon of the Capital Strategy.

9.25 TfL's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix D.

LLDC

9.26 LLDC's detailed five-year CSP of £674.9 million over 2021-26 can be summarised as follows:

- £406 million for construction and completion of the East Bank educational and cultural district in the Queen Elizabeth Olympic Park
- £73 million of repayable loans to BBC/UAL towards the cost of their East Bank buildings
- £113 million of section 106 infrastructure works, planning, design and other costs to deliver housing developments, including required equity to invest in Stratford Waterfront and Bridgewater and Pudding Mill Lane residential development joint ventures
- £54 million for Stadium, Park and venue life-cycle and improvement projects, including to the Stadium's current seating system.

9.27 LLDC has no shortfall between its spending need and likely level of resource over the fifteen-year period from 2025-26. This is because, after allowing for the GLA direct capital grants to LLDC, it is anticipated that capital receipts will be received to repay the GLA's investment in the Park.

9.28 LLDC's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix E. The current approved maximum borrowing limit is £520 million and as set out in last year's Budget, increases to £550 million in 2023-24. This is due to further movements in the expected quantum and timing of capital receipts and expenditure (including from the impact of COVID-19 and other market changes). The 2021-22 borrowing requirement is well within the current £520 million limit and future years will be reviewed again during the 2023-24 budget process.

Greater London Authority: Mayor and London Assembly

Table 1: GLA: Mayor - Subjective analysis

Subjective analysis	Revised Budget 2021-22 £m	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Staff costs	80.5	80.5	81.8	82.4	83.5
Premises costs	14.0	14.0	7.1	7.1	7.1
Supplies and services	577.3	575.1	513.4	497.9	496.1
Capital financing costs:					
Financing costs - Crossrail	155.0	155.0	150.0	150.0	150.0
Financing costs - Northern Line Extension	22.0	22.0	20.0	20.0	20.0
Financing costs - other	5.3	5.3	3.4	1.8	1.2
Provision for repayment of debt/ other grant payments - LLDC	0.0	0.0	0.0	11.8	11.8
Total revenue expenditure	**854.2**	**852.0**	**775.6**	**771.0**	**769.6**
Sales, fees, charges and recharges	-44.0	-44.0	-34.3	-34.0	-31.1
Rental income	-1.9	-1.9	-1.6	-1.6	-1.6
Interest receipts	-9.0	-13.0	-27.0	-31.0	-31.0
Crossrail BRS and MCIL	-155.0	-155.0	-150.0	-150.0	-150.0
Northern Line Extension contributions	-22.0	-22.0	-20.0	-20.0	-20.0
Interest receipts GLAP loan	-10.0	-10.0	-15.0	-15.0	-15.0
Total Income	**-241.9**	**-245.9**	**-247.9**	**-251.6**	**-248.7**
Net cost of services	**612.3**	**606.1**	**527.8**	**519.4**	**520.9**
Transfer to/from reserves held for GLA services	-82.3	-76.1	88.5	0.2	-7.7
Transfer to/ from (-) reserves held for Group items	-0.8	-0.8	-41.9	-11.8	-11.8
Financing requirement	**529.2**	**529.2**	**574.4**	**507.8**	**501.4**
Specific grants	412.4	412.4	370.5	384.4	375.6
Retained business rates	51.7	51.7	125.3	56.2	57.3
22-23 DLUHC general services grant receipt	0.0	0.0	12.6	0.0	0.0
Council tax collection fund deficit	-0.5	-0.5	-0.6	-0.6	0.0
Council tax requirement	**65.6**	**65.6**	**66.7**	**67.8**	**68.5**

GLA Group items

The table below sets out the budget for GLA Group related items. The budget for these items is controlled by the Mayor. These GLA Group items are managed through resources that are held within the GLA: Mayor component budget but are distinct from the service-related items that are set out in the GLA: Mayor objective and subjective tables.

Table 2: GLA: Mayor - GLA Group items

GLA Group Items	Revised Budget 2021-22 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Group Initiatives					
Group collaborative and responsible procurement	6.4	6.4	0.9	0.0	0.0
Borough income maximisation initiatives	6.6	6.6	5.0	5.0	5.0
Strategic investment fund	45.1	45.1	30.0	0.0	0.0
NLE contributions applied for capital spending	7.5	7.5	0.0	0.0	0.0
NLE reserve application for in year forecast deficits	15.7	15.7	14.0	10.0	5.0
NLE reserve reimbursement to BRR for prior year deficits	22.6	22.6	0.0	0.0	0.0
Functional body funding					
LLDC expenditure funded from Group reserve	7.9	12.7	3.8	-1.0	0.9
GLA funding provision from Group reserves	19.6	19.6	41.9	11.8	11.8
Transport spend funded from Group reserves	132.0	132.0	48.5	382.9	0.0
Income					
NLE developer contributions phasing	-105.2	-105.2	0.0	0.0	0.0
Reimbursement of BRR for NLE prior year deficits	-22.6	-22.6	0.0	0.0	0.0
2020-21 NNDR deficit to be recovered from TfL	-75.0	-75.0	-155.5	0.0	0.0
21-22 NNDR unallocated income transferred to Transport services funding reserve and BRR	-258.8	-258.8	0.0	-23.4	-33.1
Collection fund payments					
Repayments to billing authorities for 2020-21 NNDR reliefs	1,197.6	1,197.6	0.0	0.0	0.0
Residual NNDR deficits for 2020-21 repayable to billing authorities	102.0	102.0	86.5	158.3	0.0

GLA Group Items (continued)	Revised Budget 2021-22 £m	Forecast 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
21-22 NNDR income unallocated	258.8	258.8	0.0	0.0	0.0
Provision for NNDR/council tax outturn losses	32.3	32.3	29.1	0.0	0.0
Tariff and levy payments to DLUHC	841.2	841.2	793.6	748.3	748.3
Total GLA Group item expenditure	**2,233.7**	**2,238.5**	**897.9**	**1,292.0**	**737.9**
Transfer to/from (-) MDC reserve	-7.9	-12.7	-3.8	1.0	-0.9
Transfer to/from (-) SIF reserve	-45.1	-45.1	-30.0	0.0	0.0
Transfer to/from (-) NLE reserve	59.4	59.4	-14.0	-10.0	-5.0
Transfer to/from (-) Transport services funding reserve	216.9	216.9	166.0	-382.9	0.0
Transfers to/ from (-) BARR reserve	0.0	0.0	71.8	-71.8	0.0
Transfer to/from (-) BRR reserve	-1,357.1	-1,357.1	-81.8	-79.9	16.3
Financing requirement	**1,100.0**	**1,100.0**	**1,006.1**	**748.3**	**748.3**
22-23 DLUHC general services grant receipt	0.0	0.0	15.8	0.0	0.0
Council tax collection fund surplus/ (deficit)	0.0	0.0	9.8	0.0	0.0
Retained business rates	1,100.0	1,100.0	918.9	748.3	748.3
Council tax requirement	**0.0**	**0.0**	**61.5**	**0.0**	**0.0**

Note: 1. This £258.8 million sum, is being allocated for expenditure purposes rather than repaid to billing authorities in 2022-23 as had originally been assumed in the Mayor's approved 2021-22 budget. Of this £216.9 million is allocated in 2021-22 to the new Transport services funding reserve with the balance of £41.9 million now allocated.

'BRR reserve' is the Business Rates Retention reserve. 'MDC reserve' is the Mayoral Development Corporation reserve. 'BARR reserve' is the Billing Authority Repayment Reserve. 'NLE reserve' is the Northern Line Extension financing reserve.

Table 3: GLA: Assembly – Subjective Analysis

Subjective analysis	Revised Budget 2021-22 £m	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2023-24 £m
Staff costs	6.7	6.7	6.5	6.5	6.5
Supplies and services	1.5	1.5	1.5	1.5	1.5
Net revenue expenditure	**9.4**	**9.4**	**8.0**	**8.0**	**8.0**
Transfer to/(from) reserves	-0.3	-0.3	-0.2	-0.2	-0.1
Financing requirement	**9.1**	**9.1**	**7.8**	**7.8**	**7.9**
Specific grants	0.5	0.5	0.0	0.0	0.0
Retained Business Rates	4.9	4.9	5.1	5.2	5.3
Council tax requirement	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**

Table 4: GLA: Mayor – Final Draft capital spending plan

Final Draft capital plan	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m	Plan 2025-26 £m
Affordable Homes Programme (2016-23)	300.0	678.6	633.0	757.7	0.0
Affordable Homes Programme (2021-26)	10.0	10.0	100.0	200.0	500.0
Building Safety Fund	100.0	100.0	490.0	0.0	0.0
DLUHC Land Fund	53.3	20.0	65.0	101.5	115.0
GLAP Land Fund	27.7	50.2	100.0	72.0	0.0
Housing Zone grants	35.4	71.3	55.4	39.8	0.0
Cladding – Private sector	64.9	75.0	0.0	0.0	0.0
Cladding – Social sector	83.1	17.2	0.0	0.0	0.0
Rough Sleeping Accommodation Programme	72.1	14.0	0.0	0.0	0.0
Skills for Londoners	9.2	21.9	13.6	20.0	0.0
Further Education Capital	24.4	15.4	5.3	1.0	0.0
Land and Property programme (GLAP)	10.6	9.0	1.0	14.0	0.0
Move-On	18.6	9.9	6.0	0.0	0.0
Good Growth Fund	11.3	10.6	9.4	0.0	0.0
Community Housing Fund	11.1	7.0	7.0	2.5	0.0
Marginal Viability Fund	16.2	8.4	0.0	0.0	0.0
Care and Support Specialised Housing	13.1	0.0	0.0	0.0	0.0
Waking Watch	11.0	0.0	0.0	0.0	0.0
Enterprise Zone – Royal Docks	8.1	3.5	5.8	20.2	22.5
Northern Line Extension	24.7	0.0	0.0	0.0	0.0
Crossrail	566.0	307.5	0.0	0.0	0.0
Elephant & Castle (Ticket Hall and Construction)	12.5	12.5	0.0	0.0	0.0
LLDC Loan Funding	27.1	113.8	6.7	16.5	21.5
UCL Cultural and Education District	55.0	30.0	0.0	0.0	0.0
LLDC East Bank and Direct Grant Funding	130.4	78.2	48.9	0.0	5.0
LLDC Joint ventures	0.0	5.1	10.6	19.1	21.1
Other Projects (< £10m p.a.) and commercially sensitive projects out for tender	96.7	34.5	44.8	29.2	2.9
Total expenditure	**1,792.5**	**1,703.7**	**1,602.4**	**1,293.5**	**688.0**
Borrowing	617.3	426.4	17.3	53.4	65.2
Capital grants and third-party contributions	968.9	1,135.9	1,394.8	1,127.3	615.0
Capital receipts	49.0	64.2	133.0	95.5	0.0
Revenue contributions	157.2	77.2	57.3	17.3	7.9
Total funding	**1,792.5**	**1,703.7**	**1,602.4**	**1,293.5**	**688.0**

Table 5: GLA: Mayor - Capital financing costs

Capital financing costs	2022-23 £m	2023-24 £m	2024-25 £m
GLA: Mayor			
Provision for repayment of debt	347.0	274.0	254.0
External interest	156.6	155.1	155.0
GLA: Mayor Total	**503.6**	**429.1**	**409.0**

Tables 6 and 7: GLA: Mayor - Borrowing limits

Authorised limit for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
GLA: Mayor					
Borrowing	7,200.0	7,200.0	7,200.0	7,200.0	7,200.0
GLA: Mayor Total	**7,200.0**	**7,200.0**	**7,200.0**	**7,200.0**	**7,200.0**

Operational boundary for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
GLA: Mayor					
Borrowing	6,800.0	6,800.0	6,800.0	6,800.0	6,800.0
GLA: Mayor Total	**6,800.0**	**6,800.0**	**6,800.0**	**6,800.0**	**6,800.0**

Mayor's Office for Policing and Crime

Table 1: MOPAC (including MPS) - Subjective analysis

Subjective analysis	Revised Budget 2021-22 £m	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Police officer pay	2,127.3	2,127.5	2,286.8	2,422.1	2,480.8
Police staff pay	608.9	594.1	606.9	618.1	629.2
PCSO pay	57.2	56.7	57.6	59.0	60.3
Total pay	**2,793.4**	**2,778.3**	**2,951.3**	**3,099.2**	**3,170.3**
Police officer overtime	137.9	144.6	127.7	127.8	128.6
Police staff overtime	23.1	32.6	22.4	22.4	22.4
PCSO overtime	0.2	0.2	0.3	0.3	0.3
Total overtime	**161.2**	**177.4**	**150.4**	**150.5**	**151.3**
Employee-related expenditure	25.2	28.8	16.6	15.3	13.4
Premises costs	166.3	167.0	160.9	167.8	165.4
Transport costs	81.0	80.6	80.4	80.4	80.4
Supplies and services	682.7	673.8	734.2	750.3	773.0
Total running expenses	**955.2**	**950.2**	**992.1**	**1,013.8**	**1,032.3**
Capital financing costs	110.3	108.3	140.9	121.3	120.0
Total expenditure	**4,020.1**	**4,014.2**	**4,234.7**	**4,384.8**	**4,473.9**
Other income	-298.0	-296.0	-303.4	-316.5	-323.4
Total income	**-298.0**	**-296.0**	**-303.4**	**-316.5**	**-323.4**
Discretionary pension costs	34.4	35.3	34.4	34.4	34.4
Non-structural gap	0.0	0.0	0.0	-81.7	-117.6
Savings to be found	0.0	0.0	0.0	-11.7	-31.9
Net expenditure	**3,756.5**	**3,753.5**	**3,965.8**	**4,009.3**	**4,035.4**
Transfer to/from (-) reserves	-97.0	-93.6	-124.0	-119.4	-81.4
Net financing requirement	**3,659.5**	**3,659.9**	**3,841.8**	**3,889.9**	**3,954.0**
Specific grants	674.5	675.0	655.7	623.9	619.4
Retained business rates	27.9	27.9	65.4	66.1	66.9
Council tax collection fund surplus	-6.3	-6.3	-7.2	-7.2	0.0
Home Office Police Grant	2,158.5	2,158.5	2,278.4	2,332.0	2,366.2
Council tax requirement	**804.9**	**804.9**	**849.5**	**875.1**	**901.5**

Table 2: MOPAC – Final Draft capital plan

Final Draft capital plan	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m	Plan 2025-26 £m
Expenditure					
PSD - Forward Works and BAU	26.2	78.1	44.9	40.0	45.2
Fleet	22.9	29.9	24.7	22.6	38.8
Digital Policing	44.7	64.5	71.4	83.5	77.5
CTPHQ	51.8	66.3	56.4	55.7	27.7
Met Operations - Covert and Forensics	3.9	10.2	8.5	6.7	5.9
Optimising Contact and Response	22.8	40.6	8.8	3.1	0.0
Transforming Investigation and Prosecution	22.4	43.4	11.2	4.7	0.0
Strengthening Armed Policing	0.6	0.8	0.0	0.0	0.0
Operational Support Services	0.0	0.5	0.3	0.0	0.0
Learning and Professionalism Transformation	1.5	1.0	0.0	0.0	0.0
Information Futures	0.8	2.8	1.6	1.3	2.0
PSD - Central Estates Programme	32.2	21.5	13.1	38.6	16.5
PSD - Transforming the Workplace	21.2	36.1	61.6	36.2	46.1
Local Investigation Capability	0.9	0.0	0.0	0.0	0.0
Transformation - long term estimate	0.0	0.0	11.0	17.0	20.0
Total Expenditure	**252.1**	**395.6**	**313.4**	**309.4**	**279.8**
Funding					
Capital Grants & Third Party Contributions	68.2	78.3	63.8	61.6	35.6
Revenue Contributions	18.4	52.2	38.3	20.3	3.3
Capital Receipts	83.0	78.4	19.6	63.1	16.9
Borrowing	82.5	186.7	191.8	164.3	224.0
Total funding	**252.1**	**395.6**	**313.4**	**309.4**	**279.8**

PSD – Property Services Directorate

CTPHQ – National Counter Terrorism Policing Headquarters

Table 3: MOPAC - Capital financing costs

Capital financing costs	2022-23 £m	2023-24 £m	2024-25 £m
MOPAC			
Provision for repayment of debt	70.6	81.3	93.7
External interest	30.8	36.9	44.1
MOPAC Total	**101.4**	**118.2**	**137.8**

Tables 4 and 5: MOPAC - Borrowing limits

Authorised limit for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
MOPAC					
Borrowing	1,352.5	574.0	873.0	1,092.0	1,248.0
Long term liabilities	58.4	60.7	54.4	49.7	39.9
MOPAC Total	**1,410.8**	**634.7**	**927.4**	**1,141.7**	**1,287.9**

Operational boundary for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
MOPAC					
Borrowing	1,227.5	449.0	748.0	967.0	1,123.0
Long term liabilities	58.4	60.7	54.4	49.7	39.9
MOPAC Total	**1,285.8**	**509.7**	**802.4**	**1,016.7**	**1,162.9**

London Fire Commissioner

Table 1: LFC - Subjective analysis

Subjective analysis	Revised Budget 2021-22 £m	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Operational staff	275.3	291.3	289.9	303.4	315.5
Other staff	63.2	59.4	64.9	66.1	66.4
Employee-related	24.6	24.5	25.1	26.3	26.6
Pensions	21.6	21.4	21.8	22.0	22.3
Premises	44.8	45.9	43.9	44.8	44.9
Transport	17.6	16.7	17.6	16.8	16.1
Supplies and services	31.6	29.7	31.7	31.3	31.8
Third party payments	1.4	2.5	1.3	1.3	1.4
Capital financing costs	10.6	9.0	12.4	12.1	12.1
Total expenditure	**490.8**	**500.4**	**508.6**	**524.0**	**536.9**
Total income	-41.2	-48.7	-44.2	-45.7	-46.9
Net expenditure	**449.6**	**451.7**	**464.4**	**478.3**	**490.0**
Transfer to/from (-) reserves	-10.2	-12.8	-6.1	-6.1	-0.6
Financing requirement	**439.3**	**438.9**	**458.3**	**472.2**	**489.3**
Specific grants	33.9	34.1	36.5	33.9	33.9
Government grant for income losses	6.8	6.2	0.0	0.0	0.0
Funding for NI increase	0.0	0.0	0.0	2.6	2.6
Retained Business Rates	228.1	228.1	242.7	247.5	252.4
Council tax collection fund surplus/ (deficit)	-1.4	-1.4	-1.6	-1.6	0.0
Council tax requirement	**171.8**	**171.8**	**180.7**	**189.9**	**200.6**

Table 2: LFC – Final Draft capital plan

Final Draft capital plan	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m	Plan 2025-26 £m
Expenditure					
IT projects	1.8	9.0	9.2	5.9	1.7
Major refurbishments	1.3	3.9	4.4	4.1	26.3
New developments	3.0	3.0	4.1	1.6	1.6
Minor works	4.6	6.2	6.1	4.1	4.0
Sustainability works	2.5	5.8	4.5	1.9	2.3
Appliance Bay doors	0.3	1.1	0.4	0.4	0.4
Fire Brigade fleet re-procurement	14.1	3.8	0.4	2.9	4.1
Operational Equipment	8.2	0.0	0.0	0.0	0.0
Communications	0.0	1.2	1.1	0.0	0.0
Total expenditure	**35.8**	**34.0**	**30.2**	**20.9**	**40.4**
Funding					
Capital receipts	11.8	0.0	25.0	0.0	0.0
Borrowing	24.0	34.0	5.2	20.9	40.4
Total funding	**35.8**	**34.0**	**30.2**	**20.9**	**40.4**

Table 3: LFC - Capital financing costs

Capital financing costs	2022-23 £m	2023-24 £m	2024-25 £m
LFC			
Provision for repayment of debt	10.2	14.1	14.5
External interest	2.9	3.4	3.2
LFC Total	**13.1**	**17.5**	**17.7**

Tables 4 and 5: LFC - Borrowing limits

Authorised limit for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
LFC					
Borrowing	175.0	175.0	175.0	175.0	175.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0
LFC Total	**245.0**	**245.0**	**245.0**	**245.0**	**245.0**

Operational boundary for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
LFC					
Borrowing	170.0	170.0	170.0	170.0	170.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0
LFC Total	**240.0**	**240.0**	**240.0**	**240.0**	**240.0**

Transport for London

Table 1: TfL - Subjective analysis

Subjective analysis	Revised Budget 2021-22 £m	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Passenger income	-3,477.6	-3,150.8	-4,474.2	-4,980.3	-5,394.4
CC, LEZ & ULEZ income	-748.5	-652.9	-753.8	-613.3	-791.3
Media income	-80.5	-94.9	-122.7	-134.2	-161.7
Rental income	-67.3	-70.1	-83.1	-114.2	-119.8
Elizabeth line regulatory income	-26.6	-18.4	-269.0	-404.3	-416.5
Other income	-312.9	-310.5	-449.9	-474.2	-519.9
Total Income	**-4,713.5**	**-4,297.7**	**-6,152.7**	**-6,720.5**	**-7,403.5**
Employee expenses	2,289.1	2,238.0	2,421.5	2,187.4	2,223.2
Premises	320.6	313.7	337.0	352.8	370.5
Bus contract payments	2,062.3	2,060.2	2,040.7	1,960.7	1,903.2
CCS Income & other road services	326.9	258.8	264.5	283.2	291.6
Asset maintenance and LA payments	519.0	516.0	578.6	564.9	575.5
Professional and consultancy	138.5	143.2	144.1	139.5	134.0
Franchise payments	493.4	522.4	496.8	510.1	526.1
Elizabeth line regulatory	26.6	18.4	269.0	404.3	416.5
ICT	237.0	236.8	245.9	263.4	288.1
Traction current	160.8	154.0	195.8	220.5	247.6
Other operating expenses	540.1	518.1	674.1	677.6	694.3
Capital resources and other recharges	-338.5	-317.4	-387.3	-362.1	-379.0
Bad debt provision	155.7	160.0	229.3	162.6	143.3
Total operating expenditure	**6,931.5**	**6,822.3**	**7,510.1**	**7,364.7**	**7,434.9**
Net operating expenditure	**2,218.0**	**2,524.6**	**1,357.4**	**644.2**	**31.4**
Group items	448.7	439.6	441.3	432.2	466.0
Revenue resources used to support capital investment	608.6	299.9	159.2	-57.3	641.0
NNDR deficit repayment to the GLA	75.0	75.0	155.5	0.0	0.0
Transfer to/(from) reserves	-497.7	-523.4	150.6	101.4	2.3
Financing requirement	**2,852.6**	**2,815.8**	**2,264.0**	**1,120.4**	**1,140.7**
Specific grants from DfT/GLA	13.7	18.8	8.1	65.7	4.2
Retained business rates	914.0	914.5	946.2	862.1	878.8
Funding for NI increase	0.0	0.0	15.8	15.5	16.0
Council tax collection fund deficit	0.0	0.0	-0.1	-0.1	0.0
Extraordinary grant	1,873.3	1,831.0	1,241.5	0.0	0.0
Council tax requirement	**51.6**	**51.6**	**52.5**	**177.2**	**241.7**

Table 2 TfL – Final Draft capital plan

Final Draft capital plan	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m	Plan 2025-26 £m
Expenditure					
Crossrail contributions	633.2	302.0	8.0	0.0	0.0
Elizabeth line trains and enabling works	12.1	0.7	0.0	0.0	0.0
Line extensions	101.7	45.4	40.6	21.0	40.2
Line upgrades	386.1	361.5	700.5	954.0	861.8
London Underground enhancements	101.0	100.3	49.2	22.3	208.3
Buses enhancements	0.0	5.9	9.3	10.8	25.7
Streets enhancements	64.2	39.2	16.7	10.0	106.5
Rail enhancements	10.5	6.1	9.9	41.2	100.0
Other surface operations enhancements	61.8	29.0	44.4	26.0	176.9
Corporate projects enhancements	164.2	332.7	468.9	103.1	279.2
Renewals	649.2	600.6	699.9	700.8	1,195.1
Total expenditure	**2,184.0**	**1,823.4**	**2,047.3**	**1,889.2**	**2,993.7**
Funding					
Capital receipts	152.2	412.9	778.2	77.4	79.8
Retained business rates	930.2	950.8	1,071.8	1,093.3	1,115.1
Grants to support capital expenditure	88.0	90.3	69.2	92.1	100.6
Borrowing	75.1	0.0	22.4	95.3	136.8
GLA Grant for Crossrail	603.4	405.5	28.0	0.0	0.0
Revenue contributions	-148.4	309.8	44.0	643.3	1,559.0
Working capital and reserves movements	483.5	-345.9	33.7	-112.2	2.4
Total funding	**2,184.0**	**1,823.4**	**2,047.3**	**1,889.2**	**2,993.7**

Table 3: TfL - Capital financing costs

Capital financing costs	2022-23 £m	2023-24 £m	2024-25 £m
TfL			
Provision for repayment of debt	57.5	57.5	57.5
External interest	531.9	524.2	523.3
TfL Total	**589.4**	**581.7**	**580.8**

Tables 4 and 5: TfL - Borrowing limits

Authorised limit for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
TfL					
Borrowing	14,494.8	14,494.8	14,568.8	14,568.4	14,533.0
Long term liabilities	3,155.6	3,155.6	3,175.4	3,053.6	2,937.4
TfL Total	**17,650.4**	**17,650.4**	**17,744.2**	**17,622.0**	**17,470.4**

Operational boundary for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
TfL					
Borrowing	13,162.5	13,162.5	13,068.8	13,089.9	13,149.3
Long term liabilities	2,761.0	2,761.0	2,675.4	2,553.6	2,437.4
TfL Total	**15,923.5**	**15,923.5**	**15,744.2**	**15,643.5**	**15,586.7**

London Legacy Development Corporation

Table 1: LLDC - Subjective analysis

Subjective analysis	Revised Budget 2021-22 £m	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Employee expenses	9.1	9.2	10.7	10.6	10.2
Premises costs	1.2	1.2	1.8	1.0	1.0
Supplies and services	39.9	43.9	37.5	37.2	40.3
Financing costs	11.9	11.2	12.0	15.4	15.6
Total expenditure	**62.1**	**65.5**	**62.0**	**64.2**	**67.1**
Total income	-15.0	-14.3	-16.8	-20.3	-20.5
Transfer to/ (from) MDC reserve	-7.9	-12.7	-3.8	1.0	-0.9
Net expenditure	**39.2**	**38.5**	**41.4**	**44.9**	**45.7**
Retained Business Rates	27.3	27.3	29.3	29.5	30.1
General government grant	0.0	0.0	0.1	0.0	0.0
GLA funding for financing costs	11.9	11.2	12.0	15.4	15.6
Council tax requirement	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Table 2: LLDC – Final Draft capital spending plan

Final Draft capital plan	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m	Plan 2025-26 £m
Expenditure					
East Bank	161.5	197.1	44.9	2.2	0.7
Development	17.2	12.0	14.4	34.0	35.4
Stadium	9.1	11.3	2.9	3.0	3.0
Park and Venues	11.8	8.0	2.1	1.1	1.5
Regeneration	0.5	0.3	0.2	0.2	0.0
Finance, Commercial and Corporate Services	2.6	2.2	2.0	1.7	0.2
Corporation Tax and Contingency	16.1	0.5	5.6	0.3	0.0
BBC/UAL loan*	24.1	14.3	41.6	-3.4	-3.4
Total expenditure	**242.9**	**245.7**	**113.7**	**39.1**	**37.4**
Funding					
Capital receipts	60.7	2.1	4.5	20.6	10.8
Capital grants and third-party contributions	24.7	51.5	53.6	2.0	0.0
Borrowing	27.1	113.8	6.7	16.5	21.6
GLA grant	130.4	78.3	48.9	0.0	5.0
Total funding	**242.9**	**245.7**	**113.7**	**39.1**	**37.4**

*Cash timing adjustments for BBC and UAL (University of the Arts London) loans

Table 3: LLDC - Capital financing costs

Capital financing costs	2022-23 £m	2023-24 £m	2024-25 £m
LLDC			
External interest	12.0	15.4	15.6
LLDC Total	**12.0**	**15.4**	**15.6**

Tables 4 and 5: LLDC - Borrowing limits

Authorised limit for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
LLDC					
Borrowing	520.0	520.0	520.0	550.0	550.0
LLDC Total	**520.0**	**520.0**	**520.0**	**550.0**	**550.0**

Operational boundary for external debt	Current Approval 2021-22 £m	Revised Approval 2021-22 £m	Proposed 2022-23 £m	Proposed 2023-24 £m	Proposed 2024-25 £m
LLDC					
Borrowing	520.0	517.5	517.5	540.0	540.0
LLDC Total	**520.0**	**517.5.0**	**517.5**	**540.0**	**540.0**

Old Oak and Park Royal Development Corporation

Table 1: OPDC - Subjective analysis

Subjective analysis	Revised Budget 2021-22 £m	Forecast Outturn 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Employee expenses	4.0	4.0	4.0	4.1	4.2
Supplies and services	2.7	2.7	3.5	3.5	3.4
Total expenditure	**6.7**	**6.7**	**7.5**	**7.6**	**7.6**
Total income	-0.3	-0.3	-0.7	-0.7	-0.6
Net expenditure	**6.4**	**6.4**	**6.8**	**6.9**	**7.0**
Retained Business rates	6.4	6.4	6.8	6.9	7.0
Council tax requirement	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

GLA Group Savings and Collaboration

Shared services and closer working across the GLA Group and with external partners
The GLA has set a clear strategic direction to deliver efficiency and value through collaboration for all organisations in the GLA Group. Currently, there are many shared service and collaborative arrangements between members of the GLA Group. These include formal contractual relationships that have been established such as in the transport policing arrangement between MOPAC and TfL. Each arrangement is led by a member of the Group and some of the arrangements include a collaborative procurement programme; shared services such as treasury management, audit and financial services; and shared location arrangements. All are expected to deliver efficiency gains and/or cashable savings.

A collaboration programme is in place, overseen by the GLA Group Collaboration Board, in order to identify and deliver further efficiencies across the GLA Group in back office and policy and delivery areas. Opportunities have been identified by deep dives into a number of back office functions and policy areas to understand where the synergies are since July 2020. Full details of the group collaboration work will be set out in the forthcoming Annual Review due to be published shortly.

Business rates and council tax maximisation programmes
The GLA seeks to maximise income from council tax, business rates revenues – including the Crossrail business rate supplement – in partnership with the 33 local billing authorities which collectively are expected to generate around £3.3 billion of revenues for GLA services, capital spending or to finance borrowing across the GLA Group in 2022-23. The Mayor approved £16 million for this work in March 2020 through Mayoral Decision 2618 across the 2020-21, 2021-22 and 2022-23 financial years, including £5 million in 2022-23, and all 33 London billing authorities have been awarded funding for revenue maximisation projects.

This initiative demonstrates the GLA's commitment to working with boroughs and the Corporation of London for London's benefit, as nearly £14 billion is expected to be collected in 2022-23, in council tax, non-domestic rates and the Crossrail business rates supplement across the Capital.

Savings and efficiencies across the GLA Group

The total savings and efficiencies which have been identified in the 2022-23 budget process across the Group are summarised, on an annual incremental basis, below for the period 2021-22 to 2024-25.

Savings and efficiencies identified	2021-22 £m	Forecast 2022-23 £m	Forecast 2023-24 £m	Forecast 2024-25 £m
GLA: Mayor	9.8	0.0	0.0	0.0
GLA: London Assembly	0.3	0.0	0.0	0.0
MOPAC	69.3	38.5	45.4	25.9
LFC	4.2	4.3	1.6	1.6
TfL	60.8	122.2	113.1	93.9
LLDC	1.6	2.9	0.0	0.0
OPDC	0.4	0.0	0.0	0.0
Total	**146.4**	**171.1**	**160.1**	**121.4**

A more detailed breakdown of the above savings can be found in each organisation's 2022-23 published budget submissions, links to which are provided in the relevant sections of this document.

Summary of Revenue Expenditure and Financing

Introduction

The tables below summarise how the net expenditure (financing requirement) and council tax requirement is calculated for the GLA and each functional body in 2022-23.

	Gross Expenditure	Fares income	Other General income	Net Expenditure before use of reserves	Use of reserves	Net Expenditure after use of reserves
	£m	£m	£m	£m	£m	£m
MOPAC	**4,269.2**	**0.0**	**-303.4**	**3,965.8**	**-124.0**	**3,841.8**
GLA Mayor	1,829.0	0.0	-247.9	1,581.1	-0.7	1,580.4
GLA Assembly	8.0	0.0	0.0	8.0	-0.3	7.8
LFC	508.6	0.0	-44.2	464.4	-6.1	458.3
TfL	8,266.1	-4,474.2	-1,678.6	2,113.3	150.6	2,263.9
LLDC	62.0	0.0	-32.6	29.4	0.0	29.4
OPDC	7.5	0.0	-0.7	6.8	0.0	6.8
Total other services	**10,681.2**	**-4,474.2**	**-2,003.9**	**4,203.1**	**143.6**	**4,346.6**
Total GLA Group	**14,950.3**	**-4,474.2**	**-2,307.3**	**8,168.9**	**19.6**	**8,188.5**

Note: Above figures for GLA Mayor include the estimated business rates levy and tariff payment to DLUHC of £793.6 million and the billing authority forecasts received in late January. GLA: Mayor figures also include the budgeted expenditure on other group items which are summarised in Appendix A including the revenue raised from the £20 increase in the precept for transport services which will be held centrally initially and the timing and phasing of the repayment of the 2020-21 business rates collection fund deficit and the allocation of business rates income currently expected to be received in respect of 2021-22 which was not allocated for expenditure purposes in the Budget approved in February 2021.

Council tax requirement and Band D council tax

	Net expenditure after use of reserves	Specific government grants	General government grants	Council tax surplus	Business Rates	Council tax requirement	Band D amount
	£m	£m	£m	£m	£m	£m	£
MOPAC	**3,841.8**	**655.7**	**2,278.4**	**-7.2**	**65.4**	**849.5**	**277.13**
GLA Mayor	1,580.4	370.5	28.4	9.2	1,044.2	128.2	41.70
GLA Assembly	7.8	0.0	0.0	0.0	5.1	2.7	0.87
LFC	458.3	36.5	0.0	-1.6	242.7	180.7	58.80
TfL	2,263.9	23.9	1,241.5	-0.1	946.2	52.5	17.09
LLDC	29.4	0.0	0.1	0.0	29.3	0.0	0.00
OPDC	6.8	0.0	0.0	0.0	6.8	0.0	0.00
Total other services	**4,346.6**	**430.8**	**1,270.0**	**7.5**	**2,274.2**	**364.1**	**118.46**
Total GLA Group	**8,188.5**	**1,086.5**	**3,548.4**	**0.3**	**2,339.6**	**1,213.6**	**395.59**

Note: General government grant total includes TfL's assumed extraordinary grant of £1.2 billion.

Net revenue expenditure

The net revenue expenditure (or financing requirement) shown in the tables above – after allowing for the impact of variances in the collection of council taxes by London billing authorities – represents the sum of:

- revenue grants from the government; these include general government grants (principally Home Office police grant) and specific grants (including, for example, Home Office police funding for counter-terrorism and fire revenue grants)
- retained business rates, including any related section 31 grants to fund rates reliefs
- each body's share of the council tax precept.

Thet financing requirement (net expenditure after use of reserves) for the GLA and each functional body is set out in the table below.

Net revenue expenditure (financing requirement)	Revised Budget 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
GLA Mayor including Group items	1,629.1	1,580.4	1,256.1	1,249.7
GLA Assembly	8.0	7.8	7.9	8.0
MOPAC	3,659.9	3,841.8	3,889.9	3,954.0
LFC	438.9	458.3	472.3	489.6
TfL	2,815.8	2,264.0	1,120.4	1,140.7
LLDC	27.3	29.3	29.5	30.1
OPDC	6.4	6.8	6.9	7.0
Net revenue expenditure	**8,585.4**	**8,188.5**	**6,783.0**	**6,879.1**

Retained business rates funding

The table below sets out the allocation of retained business rates by the Mayor across the GLA Group for 2022-23 including the impact of prior year surpluses or deficits. These figures reflect the latest returns from billing authorities.It also includes the £748.3 million tariff payment the GLA will have to make to the government as set out in the final local government finance settlement 2022-23 and the forecast £45.3 million levy payable on business rates growth. The additional £48.5 million contribution set aside for Crossrail is funded from existing income already held in the business rates reserve in 2021-22 so is not reported as capital funding for the GLA from new business rates income in 2022-23 but as a draw down from reserves.

The impact of the schemes for the spreading of 2020-21 collection fund deficits over three years and the government's compensation for 2020-21 irrecoverable losses (i.e. the TIG grant) alongside future valuation and collection risks will be managed through the GLA's business rates reserve and the billing authority repayment reserve. This is subject to the £230.5 million contribution TfL is making towards the residual business rates collection fund deficit for 2020-21 and decisions to be taken by the Mayor once the final TIG and wider 2020-21 outturn position alongside the outturn for 2021-22 is known. Appendix I outlines the assumptions made in more detail for 2022-23 and subsequent years, having regard to the continued uncertainty associated with the structure of the business rates retention system.

Proposed allocation of retained business rates income (including section 31 grants) in 2022-23

	GLA Mayor £m	GLA Assembly £m	TfL £m	LFC £m	MOPAC £m	LLDC £m	OPDC £m	Group Items £m	Total £m
Total funding allocated to GLA and functional bodies for revenue services	125.3	5.1	946.2	242.7	65.4	29.3	6.8	125.3	1,545.9
Total funding allocated to GLA and functional bodies for capital spending	0.0	0.0	950.8	0.0	0.0	0.0	0.0	0.0	950.8
Total Tariff and assumed levy payment to DLUHC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	793.6	793.6
Total	**125.3**	**5.1**	**1,897.0**	**242.7**	**65.4**	**29.3**	**6.8**	**918.9**	**3,290.4**

Council tax calculations

The difference between net revenue expenditure and the sum of grant funding from the government and retained business rates from the Mayor represents the amount to be raised from council tax. As outlined in section 1, this sum is recovered by issuing precepts on the City of London and the 32 London boroughs (i.e. the council tax requirement) which are the statutory billing authorities for council tax, national non-domestic rates and the Crossrail business rate supplement in the capital. The council tax calculations in this Final Draft Budget also incorporate a one-third share of the collection fund deficit in respect of council tax for 2020-21, as a result of the statutory requirement to spread the 2021 in-year deficit in equal amounts across the 2021-22, 2022-23 and 2023-24 financial years in budgeting terms. This assumption is unchanged since the Draft Budget.

Although the statutory arrangements only require a distinction to be made between police and other services, a summary of spending, funding and the resultant council tax attributable to each body is provided in the tables at the beginning of this Appendix. Details of the council tax requirement for police services and other services are set out below.

Council tax requirement for police services

The amount to be raised for police services is as follows:

Council tax requirement for police services	Revised Budget 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
Net financing requirement	3,659.9	3,841.8	3,889.9	3,954.0
Government grants, council tax surplus and retained business rates	-2,855.0	-2,992.3	-3,014.8	-3,052.5
Amount for police services	**804.9**	**849.5**	**875.1**	**901.5**

This is equivalent to a Band D element for police services of £277.13 for 2022-23 in the 32 London boroughs (£267.13 for 2021-22) reflecting the proposed £10 (3.7 per cent) increase, as confirmed in the final police finance settlement for 2021-22 and approved council tax referendum principles.

Council tax requirement for other services

The amount to be raised for other services is as follows:

Council tax requirement for other services	Revised Budget 2021-22 £m	Budget 2022-23 £m	Plan 2023-24 £m	Plan 2024-25 £m
GLA, LFC, LLDC, OPDC and TfL net expenditure	4,925.5	4,346.6	2,893.1	2,925.0
Government grants, council tax surplus, retained business rates and use of MDC reserve	-4,633.8	-3,982.5	-2,465.3	-2,422.1
Amount for other services	**291.7**	**364.1**	**427.8**	**502.9**

This is equivalent to a Band D element for other services of £118.46 for 2022-23 in the 32 London boroughs (£96.53 for 2021-22). In the City of London this is the full Band D council tax amount for GLA services. The additional income generated as a result of increasing the existing Band D charge for non police services by 1.99 per cent will be allocated to the London Fire Commissioner, in line with the approach in previous years. In addition, the Mayor proposes to increase the Band D element for other services by an additional £20 per annum over the next three years to support transport services in London.

Summary of proposed adjusted and unadjusted council tax by Band

The proposed adjusted basic amount of council tax is therefore £395.59 for a Band D property (i.e. £277.13 for the Mayor's Office of Policing and Crime plus £118.46 for non-police services) – this applies to taxpayers in the 32 London boroughs.

Adjusted amount of council tax paid by taxpayers in the 32 London boroughs (£)

Band	2022-23	2021-22	Change
Band A	£263.73	£242.44	£21.29
Band B	£307.68	£282.85	£24.83
Band C	£351.64	£323.25	£28.39
Band D	**£395.59**	**£363.66**	**£31.93**
Band E	£483.50	£444.47	£39.03
Band F	£571.41	£525.29	£46.12
Band G	£659.32	£606.10	£53.22
Band H	£791.18	£727.32	£63.86

The proposed unadjusted basic amount of council tax is £118.46 – this is the sum paid by Band D council taxpayers in the City of London. Council taxpayers in the City of London, which is outside the Metropolitan Police District, contribute separately towards the costs of the City of London Police.

Unadjusted amount of council tax paid by taxpayers in the area of the Common Council of the City of London for non-police services only (£)

Band	2022-23	2021-22	Change
Band A	£78.97	£64.35	£14.62
Band B	£92.14	£75.08	£17.06
Band C	£105.30	£85.80	£19.50
Band D	**£118.46**	**£96.53**	**£21.93**
Band E	£144.78	£117.98	£26.80
Band F	£171.11	£139.43	£31.68
Band G	£197.43	£160.88	£36.55
Band H	£236.92	£193.06	£43.86

Council tax referendum thresholds

On 7 February DLUHC published the approved 2022-23 council tax referendum principles thresholds including those for the GLA as part of the final local government finance settlement. The principles were approved by the House of Commons on 9 February. The final referendum limit for the GLA's unadjusted basic amount of council tax for non-police services was an increase of more than £21.93 (including £20 for future TfL expenditure) and for its adjusted amount including policing this figure was more than £31.93, reflecting the additional £10 permitted for policing.

Under those principles, the adjusted and unadjusted amounts of council tax proposed in this Final Draft Budget would not be deemed excessive. Part 1 contains the Mayor's formal determination regarding his compliance with the council tax referendum thresholds, as required by the relevant legislation, reflecting the implications of the wording of the final approved referendum principles report.

Funding Assumptions

Introduction

This Appendix sets out the assumptions underpinning the main funding sources for the 2022-23 Budget and future years, reflecting the announcements made in the Spending Review on 27 October 2021 and the final local government, fire and police settlements 2022 which were approved by the House of Commons on 9 February 2022. It highlights the lack of certainty for the GLA Group's funding position in future years despite these announcements.

Inflation

Current inflation levels are a significant risk to the GLA Group. Pay levels across the group were generally assumed to increase by 2 per cent per annum. However, in his final budget the Mayor has allocated provision for a further 1 per cent across the Group, excluding London Underground Operations, where a pay deal for 2022-23 is already in place. The GLA Group also utilises a significant number of contracts with external partners and bodies to perform its various services and duties. Where contracts are for a period of longer than one year, it is common for the contractual payments to be uplifted each year based on a calculation using either the Consumer Price Index (CPI) or the Retail Price Index (RPI).

The Office for National Statistics (ONS) publishes the latest CPI and RPI inflation rates on a monthly basis. At the last publication, on 19 January 2022, ONS reported the Consumer Price Index rose by 5.4 per cent in the 12 months to December 2021 – the highest inflation rate since 2011. Further, the Retail Price Index rose by 7.5 per cent over the same period – an increase not seen since 1991.

If government funding is not sufficient to provide for these significant inflationary demands on GLA Group contracts, functional bodies will need to find further efficiency savings and or service reductions to address any funding shortfall.

2022-23 local government and fire finance settlements including methodology for determining retained business rates income

The Department for Levelling Up, Housing and Communities published the provisional local government and fire settlement for 2022-23 on 16 December 2021 and the final settlement on 7 February 2022. The estimates in this Budget have regard to the announcements made in the final settlement, which was approved by the House of Commons on 9 February 2022.

Since 2017-18 all former fire and rescue and GLA general funding, TfL's former DfT general and investment grants, and MOPAC's share of prior year council tax freeze grants has been provided to the Mayor through locally retained business rates. This pilot arrangement has meant the GLA no longer receives core general revenue support grant for these services – excluding the Department for Transport extraordinary grant being paid to TfL to compensate it for its reduced fare revenues since the start of the COVID-19 pandemic. Core Home Office policing grant is provided separately as set out below.

The 2022-23 final settlement represents an effective roll-forward of the current 2021-22 arrangements for the business rates retention system and existing settlement funding baselines, subject to adjusting for inflation. The government has again only published a one-year settlement for local government and fire services for the fourth year running despite the fact that the 2021 Spending Review provided multi-year departmental control totals. The medium to long term funding position remains uncertain, therefore, as the government has still to confirm if, when, and how it intends to implement its planned fair funding reviews and reset of business rates growth alongside any other reforms to local government finance to deliver its levelling-up agenda.

The GLA's settlement funding baseline which represents the government's assessed funding needs for those services funded through by DLUHC is being increased by £64 million from £2,220.7 million to £2,284.7 million in 2022-23 – this is £60 million higher than the allocation in the provisional settlement.

The GLA was also awarded a £36.4 million allocation from a one off un-ringfenced local government 'general services grant' of £822 million nationally, which it is understood includes an element for the cost of the additional employer contributions required due to the new National Insurance (NI) levy for health and social care being introduced from April 2023. However, while the increase in employer's NI costs is ongoing, this £36.4 million grant is not guaranteed to continue at the same level in future years. The general services grant funding has been distributed across local government using the current Settlement Funding Assessment formula based on 2013-14 baseline shares. The Secretary of State has advised local authorities that this funding is intended to *'recognise the range of additional services provided by local government which are at the core of every community that go beyond social care.'* He also indicated that the government will take the time to fully consider the future distribution of this £822 million pot in consultation with councils but that it would be excluded from any proposed baseline for transitional support as a result of future changes to the local government finance system. This £36.4 million specific grant has been allocated by the Mayor across the GLA Group as set out in Part 1 of this report.

The final settlement has provided the GLA with further clarity on the level of resources it will receive from retained business rates in 2022-23, as well as the methodology which the government intends to apply for calculating locally retained rates income across England. The current 67 per cent business rates pilot in London will continue on the same basis as in 2021-22 with the GLA receiving a 37 per cent retention share and the 33 billing authorities a 30 per cent share before any tariff, top up and levy payments are applied. The GLA's tariff payment to the government is determined in the settlement as £748.3 million and the percentage levy on any business rates growth above its baseline is set at 34 per cent which results on the GLA's best estimates in a levy payable to government of £45.3 million subject to any changes in methodology which may be announced by the government. On the basis of these variables it is assumed the GLA will receive a further £150 million in business rates growth in 2022-23 after deducting the estimated levy payment due. The Mayor's proposals for allocating some of this amount, reflecting remaining uncertainties, across the GLA Group are set out in part 1 of this report.

The government announced in the Spending Review in October 2021 that it was intending to again freeze the business rates multiplier for 2022-23, rather than increase it in line with the 3.1 per cent September 2021 CPI figure prescribed as the method for uprating in the Local Government Finance Act 1988. This approach was confirmed at the provisional local government finance settlement where the government also announced that local authorities will receive compensation for this decision. In the final local government settlement, on 7 February 2022, the government announced that it would use the relevant RPI inflation figure of 4.9 per cent to calculate the amount of compensation owed as opposed to the CPI based methodology used for the provisional settlement. This change made by the government results in an additional £27.1 million of section 31 grant compensation funding for the GLA than was assumed in the Draft Budget. Part 1 of this report sets out the Mayor's proposals relating to this additional amount.

2022-23 Home Office Police Grant Settlement

The Home Office published the 2022-23 police settlement on 2 February 2022. The MOPAC figures presented in this document for 2022-23 reflect the actual general and specific police grant funding allocations announced and therefore differ from the assumptions made in the MOPAC budget submission which were predicated on the MPS being allocated an additional 6,000 officers from the total 20,000 national recruitment target announced in 2019 by the government. The planning assumptions for future years maintain the 6,000 officer target.

The final police settlement included allocations for the Home Office Police Grant and police formula grant (formerly paid by DLUHC), along with council tax support funding for local policing bodies and, for both MOPAC and the City of London Police, their National International and Capital City (NICC) allocations.

Further funding has been provided in 2022-23 to allow recruitment of additional officers so the government can meet its national target of 20,000 officers. However, the allocations for MOPAC in the final police settlement fall far short of those needed to deliver the additional 6,000 officers the Metropolitan Police Commissioner and the Mayor have requested. The government stated in the Spending Review that Police and Crime Commissioners would have the ability to raise the Band D council tax in 2022-23 by up to £10 without having to hold a referendum and indicated that a similar £10 cap would apply in 2023-24 and 2024-25. This was confirmed in the police settlement.

Due to the lack of funding provided by the government, including the NICC grant that remains £159 million below the level the Home Office's own independent review believes is necessary, the Mayor has decided to increase the police element of his precept by the maximum £10 figure permitted to ensure that the maximum level of resources possible are made available to keep Londoners safe.

The Mayor has taken the view, however that it would not be appropriate to confirm his intentions in respect of the £10 flexibility for policing in future years – 2023-24 and 2024-25 – until he has an opportunity to consider the implications of the police settlements for those years in consultation with MOPAC and the MPS, once they are published by the Home Office in December 2022 and December 2023 respectively.

Transport for London funding agreement with the Department for Transport

Following an agreement between the Mayor and the Secretary of State in March 2017, all former TfL general and investment grant support from the Department for Transport (DfT) has been funded, since 2017-18, through retained business rates. At the time, the DfT set out their expectation that funding at levels equivalent to the investment grant set out in the 2015 Spending Review settlement should continue to be spent on capital projects.

In 2022-23, the GLA's retained business rates funding baseline continues to include over £1 billion in respect of the investment grant formerly paid by the DfT, as set out in the 2021 Spending Review, to fund transport capital investment in London. Based on an analysis of the final local government settlement 2022-23, it is estimated that just under £0.9 billion of residual former DfT operating grant (including a sum in respect of former bus operators' support grant) has been included in the GLA's 2022-23 funding baseline.

The government has not yet confirmed any funding levels for TfL, however, beyond 18 February 2022 - except for the c£1 billion for capital investment within the business rates retention system. It is of course the Mayor's local decision as to how the actual funding available from retained business rates is apportioned across the GLA Group. TfL receives other revenue and capital specific grants for specific programmes and projects which are agreed and paid separately. This includes the additional funding support provided by the DfT since the start of the COVID-19 pandemic.

Following the reduction in fare revenues due to the COVID-19 pandemic, the Mayor and the Secretary of State for Transport agreed: a £1.6 billion funding support package for the first half (H1) of 2020-21; and £1.7 billion of additional support for the second half (H2). Of this support around £2.5 billion was paid by direct grant in 2020-21 with the balance being provided via increased borrowing approvals. The grant funding was paid via the GLA as GLA transport grant under section 101 of the GLA Act. A further funding deal for TfL was agreed, in June 2021, to provide further support of up to £1 billion up to 11 December 2021, which has subsequently been extended to 17 December 2021; and then 4 February 2022; and then 18 February 2022, and contains a 'true-up' mechanism to manage variabilities in fares income consequent to the COVID-19 pandemic. No agreement has been reached regarding successor arrangements that may cover the period to March 2023. At this stage therefore the TfL's budget includes extraordinary grant funding of £1.2 billion in 2022-23.

The Mayor and TfL have submitted proposals for a sustainable funding plan from April 2023 onwards. In securing the funding extensions highlighted above, and as set out in section 1 of this document, the Mayor has indicated to the Secretary of State for Transport that given the government's refusal to provide other options by which he can raise the necessary revenue, he is left with no choice but to propose an increase in his precept for GLA: Mayor by £20 at Band D in 2022-23, 2023-24 and 2024-25 to protect key transport services in London. This increase is forecast to raise over £180 million per annum by the third year.

The government announced at the final local government settlement 2022-23 that it had amended its Referendums Relating to Council Tax Increases Principles Report for 2022-23 which was laid before, and approved by, the House of Commons on 9 February 2022 to accommodate the Mayor's proposed £20 Band D precept increase in 2022-23 for transport services. In addition the Mayor has also proposed to phase in changes to the age related eligibility criteria for the existing 60+ Oystercard, increase fares for travel on the Piccadilly line to Heathrow airport and to the initial purchase price of Oystercards as well as the phasing out of the travelcard scheme on non-TfL services in London from sometime in 2023 (all subject to appropriate impact assessment and consultation). TfL is also considering options to further the Mayor's transport policy objectives, following the successful recent expansion of the Ultra Low Emission Zone. There remain a number of uncertainties as the government has still to respond to these proposals.

Assumptions underpinning retained business rates allocations in 2022-23 including current risks and uncertainties

As noted above, the government has confirmed that the GLA's 67 per cent retention partial pilot – reinstated in 2020-21 following the end of the 75 per cent London wide pilot in 2019-20 – will continue in 2022-23. The GLA's retention share will again be 37 per cent with boroughs receiving a 30 per cent share. The remaining 33 per cent of business rates income will be paid directly to central government by the 33 local authorities via the central share. As only a one-year settlement has been provided it is unclear what arrangements will apply from April 2023 onwards and therefore retained business rates allocations set out in this Budget for 2023-24 and beyond are indicative.

All of the GLA's core general grant funding for non-police services from central government has been replaced by retained business rates since April 2017 when the GLA's residual revenue support grant – the majority of which relates to funding for fire and rescue services – and TfL's capital investment grant were rolled into its funding baseline. The GLA is receiving 37 per cent of business rates income in 2021-22 prior to the payment of a £812.4 million tariff to DLUHC (the sums by which the estimated business rates baseline excluding growth exceeds the settlement funding baseline in London) and a forecast £29 million levy on growth payments due to the government; these sums are applied to support local services elsewhere in England. In 2022-23, as stated above, the tariff payment has been calculated by the government as £748.3 million and the GLA's levy rate on growth will be at a percentage rate of 34 per cent. A levy payment of £45.3 million has been estimated to be payable for 2022-23 although this is indicative until the government confirms the final methodology for determining levy and safety net payments for that financial year. It should be noted that the regulations confirming the levy and safety net payment methodology for 2020-21 and the associated sums payable or receivable, for example, had still to be issued by the government at the date of publication. This means the GLA and other English local authorities are still unable to confirm the final retained business rates income they are due for 2020-21, nearly 11 months after the end of the financial year.

As outlined in section 1 the government confirmed in the provisional settlement that the expected reset of business rates growth would be deferred for the fourth consecutive year – having originally been expected to occur in 2019-20. Having now reviewed the business rates income levels reported by the 33 London billing authorities it is forecast £150 million of business rates growth will be available to the GLA in 2022-23. Most if not all of this growth would have been redistributed to local authorities elsewhere in England if the reset had proceeded this April albeit the Executive Director, Resources has assumed that 25 per cent of this £150 million will be retained by the GLA in 2023-24 and 2024-25. The Mayor has set out how he proposes to allocate some of this additional income in Part 1 of this report with the balance held until the current uncertainty relating to 2020-21 and 2021-22 is clarified with billing authorities and their use of government relief funding as described below.

The table below shows the statutory shares of retained business rates for the GLA, the 33 billing authorities in London and central government in each year since the business rates retention system was introduced in April 2013, along with a statement as to whether a levy was payable on growth to the government and a London-wide pool was in place. The position in 2021-22 reverted back to the situation in 2017-18 and this arrangement continues again in 2022-23.

Business rates retention: shares of retained rates and pool/levy position from 2013-14 to 2022-23	2013-14 to 2016-17 %	2018-19 %	2019-20 %	2020-21 %	2017-18, 2021-22 and 2022-23 %
GLA	20%	36%	27%	37%	37%
33 billing authorities	30%	64%	48%	30%	30%
Share retained locally	50%	100%	75%	67%	67%
Central government	50%	0%	25%	33%	33%
Levy on growth in place	Yes	No	No	Yes	Yes
London pool in place	No	Yes	Yes	Yes	No

The GLA and London boroughs will continue to receive section 31 grants in respect of government initiatives and policy changes which reduce levels of business rates income, including:

- the ongoing cumulative impact of the change to the annual uprating of the NNDR multiplier from RPI to CPI, introduced in 2017
- freezing the multiplier in 2022-23, as well as the ongoing impact of any caps and freezes in prior years
- the increased thresholds for, and the continued doubling of, small business rate relief
- the partial extension of the retail, leisure, hospitality (RLH) relief announced in the Spending Review for 2022-23 which will provide a discount of up to £110,000 per business entity rather than per property and any other new reliefs being introduced following the Spending Review.

These grants will be paid directly to the GLA in respect of its share. However, it is assumed the proportion of income the GLA receives directly from ratepayers will increase materially in 2022-23 compared to the last two financial years as the government scales back its COVID-19 pandemic related rates relief schemes. In 2020-21, for example, these government funded relief schemes reduced the tax-take from ratepayers by nearly 40 per cent in London.

By the end of March 2022 the GLA is forecast to receive around £1.14 billion in additional section 31 grant from DLUHC due in respect of 2020-21 which includes an estimated £1.197 billion in compensation for its share of the £3 billion cost of the Retail, Leisure and Hospitality (RLH) and nursery relief schemes in London offset by a £55 million reduction in compensation for the 2020-21 NNDR multiplier cap due to the lower tax take from ratepayers compared to the pre-pandemic budgeted estimates for 2020-21. The costs of the RLH and nurseries relief is repayable to London billing authorities towards the end of March 2022 on a like-for-like pound-for-pound basis to reimburse them for this element of the GLA's £1.6 billion estimated share of the 2020-21 business rates collection fund deficit.

Based on the estimates supplied by billing authorities to DLUHC earlier in 2021, the GLA was forecast to receive over £700 million in compensation for the lost revenues arising from the RLH relief scheme for 2021-22 – this is lower than 2020-21 after taking into account the scaling back of the scheme from July 2021 to a 66 per cent relief scheme with a cap of £105,000 for essential retailers and £2 million for other firms in these sectors. Due to these caps and changes in the rating list since the start of the financial year the precise cost of the RLH scheme in 2021-22 is subject to change which may affect the level of income due to the GLA for that financial year.

On 14 December 2021 the government published the allocations for the £1.5 billion COVID-19 additional relief fund which is intended to provide a discount in 2021-22 to support ratepayers who did not benefit from the Retail, Leisure and Hospitality and nursery relief schemes. London local authorities have been allocated a total of £434.6 million from this fund and it is for them to determine locally – having regard to the government's guidance note and conditions – which businesses should receive support. If the London allocation is applied in full the GLA would receive additional section 31 grant compensation estimated at £161 million (i.e. on top of the allocation for RLH relief) to offset the resulting reduction in the level of collectable business rates in 2021-22. The majority of billing authorities have still to allocate this funding to ratepayers and therefore the actual level of reduced income arising from it in 2021-22 is unclear at this stage.

Billing authorities reported an estimated combined NNDR collection fund deficit of £1.7 billion for 2021-22 in their January 2022 updated estimates but were not required by the government in their returns to provide updated information on their RLH and CARF assumptions which may fully or partly offset this deficit due to the offsetting section 31 grant compensation receiveable from DLUHC. This uncertainty alongside the possibility of valuation and collection losses highlights the need for an appropriate risk provision to be made in case forecast business rates income for 2021-22 has to be repaid at a future date to the 33 local authorities once the final outturn position is confirmed. For this reason a provision of just under £72 million has been set aside in the Billing Authority Repayment Reserve for 2022-23 until the position on the 2021-22 outturn becomes clearer.

The Chancellor did not announce any additional business rates relief measures on 21 December 2021 in his £1 billion package of support to the leisure and hospitality sectors arising from the impact of the Omicron variant. The additional support to eligible firms is instead being delivered by a package of business grants through local billing authorities.

These reconciliation payments due for 2021-22 for these COVID-19 related reliefs will in practice be paid on a like-for-like basis to London billing authorities by the end of March 2023 – once the final outturn position for 2021-22 is confirmed by the government having regard to the data supplied by billing authorities through their NNDR3 year-end returns. This is because a collection fund deficit is in effect created for each billing authority due to the reduced income paid by ratepayers.

It is too early to estimate the cost of the equivalent scheme for 2022-23 but the Treasury has estimated the cost nationally is around £1.9 billion – which is about one sixth of the sum paid out in 2020-21 suggesting that the level of compensation payable to the GLA in section 31 grant will be below £200 million. This forms part of the assumed total retained business rates income for 2022-23 as set out in the table in Appendix H.

Managing the uncertainty in relation to 2020-21 and 2021-22 business rates income including government funding support and legislative steps taken to mitigate the impact of actual and potential losses in revenue on local authorities

In addition to the funding uncertainty for 2022-23 and future years, the 2020-21 outturn position is still to be finalised. This section addresses the issues and uncertainties affecting revenues across both 2020-21 and 2021-22 in turn.

The GLA's total share of the London wide collection fund deficit in respect of business rates, as set out in its 2020-21 accounts, was £1.59 billion. However, this figure is provisional, as is explained below. In order to allow local authorities to manage their 2020-21 deficits, the government laid the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) regulations which allow all English local authorities to spread their council tax and business rates deficits for 2020-21 over the next three budget years (i.e. 2021-22, 2022-23 and 2023-24). The government also announced in July 2020 that it would provide funding to cover up to 75 per cent of 'irrecoverable' losses for 2020-21.

Due to the widespread delays in external auditors signing off 2020-21 accounts in London boroughs, and elsewhere in England the government has been unable at the date of publication to finally confirm: the allocations for the 75 per cent compensation scheme for irrecoverable council tax and business rates losses (i.e. the Tax Income Guarantee or TIG grant); the specific grant reconciliation payments – relating primarily to the impact of 100 per cent relief for the retail, leisure, hospitality and nurseries sectors which reduced the taxtake by an average of 40 per cent; and the final methodology for determining levy payments on growth and safety net support for authorities experiencing a large drop in revenues in 2020-21. The latter is not expected to be confirmed by government for several weeks.

The 2020-21 outturn position also reflected the impact of the Non-Domestic Rating (Rates Retention, Levy and Safety Net and Levy Account: Basis of Distribution) (Amendment) Regulations 2020 which altered the methodology for calculating retained rates income, levy and safety net payments for major preceptors which apply from 1 April 2020.

Due to the accounting and timing impacts of the government's support measures for local authorities, business ratepayers and council taxpayers in 2020-21, alongside the significant level of business rates collection fund deficits, there were significant year-on-year movements seen in the GLA's statutory accounts. The balance held on the GLA's business rates reserve, at 31 March 2021, increased by around £1.5 billion in-year due to the following:

- £1,142 million to be received in net additional section 31 grant from DLUHC, primarily to offset the lost revenue from 100 per cent business rates relief for the retail, leisure and hospitality (RLH) and nursery sectors (+£1.197 billion) offset by reductions in the DLUHC compensation due to GLA for the impact of freezing the business rates multiplier (-£55 million) as the overall tax take from business ratepayers had fallen compared to the pre-pandemic budgeted estimates for 2020-21 supplied by billing authorities in January 2020. This additional net grant is receivable in accounting terms in 2020-21 – although the GLA is not expected to receive the actual grant in cash terms from DLUHC until March 2022 when the GLA will be required to pay billing authorities £1.197 billion for the element of the 2020-21 collection fund deficit arising from the retail relief scheme.
- An estimated £201 million to be received in TIG grant (75 per cent losses scheme for council tax and business rates) – of which the Mayor has allocated £127 million to TfL to assist it in meeting its estimated pro rata £230.5 million contribution towards the residual £275 million collection fund deficit which the GLA has to repay to billing authorities for 2020-21 based on the forecast outturn data provided in January 2021. A further £1.5 million has been approved for GLA Group collaboration work and £5 million for vehicle scrappage schemes. Part 1 of this report sets out the Mayor's proposal for the remaining £68.3 million.
- £131.4 million unallocated business rates income received for 2020-21.
- £35.9 million for the 2019-20 collection fund surplus income received in year.

The latter two items were retained to ensure the GLA had sufficient capacity to manage future uncertainty given the impact of the pandemic and potential local government funding reforms.

Ultimately this £1.5 billion uplift in the business rates reserve will be applied in order to meet the GLA's £1.59 billion contribution required to the London wide collection fund deficit. As noted above, the £1.197 billion estimated element relating to section 31 grant government funded rates reliefs accrued and held in the business rates reserve in the 2020-21 accounts will be drawn down in March 2022 to repay billing authorities for the equivalent and offsetting GLA share of their business rates collection fund deficits. The remaining £275 million residual deficit is repayable to billing authorities over three years albeit it should be noted that this figure is an estimate and may increase once the final audited outturn position is known. It is assumed at this stage that TfL will contribute towards their pro rata share of this figure – around £230 million – as a £75 million lump sum through a reduction to their business rates instalments for 2021-22 before the end of March 2022; and a further payment of £155.5 million in 2022-23.

It understood that the proposed TIG and section 31 grant reconciliation payments will be confirmed by DLUHC shortly. Unfortunately this information has not been made available prior to the publication of this Final Draft Budget and the sums may be revised again should local authorities report revised business rates income figures for 2020-21 once the external audit of their statutory accounts has been completed.

In the 2021-22 approved budget it was identified that there was a significant and material downside risk to business rates income in London due to 'Material Change of Circumstances' (MCC) appeals being submitted by ratepayers relating to the impact of the COVID-19 pandemic. The general consensus at the time amongst rating specialists was that this could lead to the Valuation Office Agency (VOA) introducing blanket, locality or sectoral based reductions to rateable values to reflect the impact of reduced rental levels in respect of offices and retailers and reduced turnover levels for leisure and hospitality businesses. Following the 2008 financial crash, for example, the VOA reduced rateable values on offices in the City of London and Canary Wharf by an average of 10 per cent. The scale of losses could have run into several billion pounds were office valuations – which account for half the taxbase in London – to have been reduced by 25 per cent or more. Other sectors such as retail, leisure and hospitality might also in due course have benefited from reductions in valuations. These factors led to the Mayor's decision to budget at being at a safety net position in respect of 2021-22 in his February 2021 approved budget – equivalent to the minimum guaranteed 97 per cent of baseline funding provided for through the GLA being a business rates pilot in 2020-21.

In the Final 2021-22 Budget a new billing authority repayment reserve (BARR) was created totalling £272 million – this being the difference between the income boroughs expected to collect in 2021-22 (excluding MCC COVID-19 challenges and appeals) and the allocations based on the safety net position made in the Budget. This sum was provided for on the expectation that it would need to be repaid in full to billing authorities in 2022-23 as COVID-19 related refunds to ratepayers are required to be paid out.

Following the approval of the original 2021-22 Budget, the sum expected to be held in the BARR was reduced to £258.8 million as two boroughs subsequently amended their data; and to reflect the impact of the provisional section 31 grant allocations for rates reliefs and the estimated levy payment on growth due from the GLA to the government. This sum was originally allocated to be held in the billing authority repayment reserve as set out in the Mayor's Budget for 2021-22 approved last February.

On 25 March 2021 the government stated its view that market-wide economic changes to property values, such as from COVID-19, could only be properly considered at general rates revaluations, and therefore confirmed it would be legislating to rule out COVID-19 related MCC appeals and instead would provide £1.5 billion across the country to be distributed according to which sectors have suffered most economically, rather than on the basis of falls in property values.

The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 which delivers this legislative change received Royal Assent on 15 December 2021. As stated above, following the Act receiving Royal Assent the government published its guidance and allocations at local authority level for the £1.5 billion fund (the so called COVID-19 Additional Relief fund or CARF) on 15 December – some nine months after the fund was originally announced. Following the passing of this legislation, and a subsequent analysis of billing authorities returns, it was made clear in the draft budget that the £258.8 million sum previously held in the BARR relating to expected COVID-19 related appeals will not need to be repaid to billing authorities.

Due to other continuing risks in respect of 2021-22 income primarily as a result of potential valuation and collection losses and uncertainty around the final level of RLH and CARF relief payable an additional £71.8 million provision is being held in the BARR in 2022-23 on the basis this sum may need to be repaid to billing authorities in 2023-24. This may be released for spending, however, should the Executive Director, Resources determine it is prudent to do so once there is greater clarity on the 2021-22 outturn position.

Council tax assumptions

Each London billing authority was required to determine its council tax base for 202223 by 31 January 2022, reflecting council tax support arrangements and discounts. The taxbases of the 33 billing authorities together make up the taxbase used by the GLA for setting the council tax. The average increase in the taxbase is 1.7 per cent although this varies across billing authorities from +0.2 per cent to +5.5 per cent.

Billing authorities were also required to provide an estimated collection fund surplus or deficit outturn calculation for 2021-22 for council tax, taking into account expected collection rates, changes in the valuation list due to new properties being added and other changes since their original taxbases were set in January 2021. Details on the sums estimated are set out in section 1.

The Mayor is proposing in this Final Draft Budget that the overall (adjusted) Band D council tax charge for the GLA will increase by £31.93 or 8.78 per cent in 2022-23, compared to the 2021-22 level. This includes an £10 increase in the police precept, £1.93 for the LFC and a £20 increase to fund future transport expenditure which will be held centrally by the Mayor in the GLA: Mayor component budget within a Group reserve and released to TfL in future years. This level of increase applies to the precept for the 32 London Boroughs (the adjusted basic amount of council tax). The proposed increase in the unadjusted Band D council tax – the non-police element payable by taxpayers in the City of London – is £21.93 or 22.7 per cent.

The proposed increases are not ‘excessive’, according to the final council tax referendum principles published by DLUHC on 7 February and approved by the House of Commons on 9 February 2022. The government revised the principles relating to the GLA following the provisional local government finance settlement 2022-23 in light of proposals from the Mayor to use council tax income to support TfL.

Uncertainty around future funding due to a further delay in the implementation by the government of their planned reforms to the local government finance system

In the 2021-22 local government finance settlement, the government announced it would delay – for the fourth year running – the previously planned implementation of reforms to local government finance until at least 2022-23, including the planned full reset of business rates retention baselines and the fair funding reviews of needs and distribution for police, local and fire and rescue authorities. The reset would be expected to remove much of the business rates growth achieved locally since 2013-14 and redistribute this in line with the government's revised estimates of spending need, taking into account the impact of the multiyear spending review and fair funding review. The fair funding reviews, if implemented, would also alter baseline funding levels, tariff and top up payments and levy rates on growth.

It is worth noting that when the business rates retention system was introduced in 2013-14 the GLA's funding for the first two years was around £120 million below its settlement baseline partly due to the basis on which business rates baselines against growth were calculated. This shortfall highlights that not only would most existing growth potentially be lost there is also a risk that funding could fall below the GLA's settlement funding baseline depending on how the government implements the reset. This could creating a deficit in the period immediately following any reset which would need to be managed through the business rates reserve and via a clawback of funding for TfL which currently receives around 84 per cent of the Mayor's base allocations via retained business rates.

There are two other potential elements to the proposed reforms to the business rates retention and wider funding system which were also delayed: increasing the proportion of business rates retained by the sector potentially to 75 per cent and changes intended to increase stability and certainty which may alter the basis on which growth is calculated and the timing of when it is paid.

The government has still to confirm if and when any of these reforms will be implemented but they have now been deferred until at least 2023-24.

There is also expected to be a revaluation of all non-domestic premises in England introduced from April 2023 – delayed from April 2021 – which will replace the existing April 2017 rating list. The revaluation will affect the business rates baselines and levy rates payable on growth by individual authorities. It is possible that the revaluation could create significant turbulence in business rates bills across the country as it will reflect estimated rental values at 1 April 2021 which could vary significantly from those in April 2015 which were used to compile the current rating list.

The government's fundamental review of business rates as a tax was published alongside the 2021 Spending Review. With the exception of some limited new relief schemes and the confirmation that there would be a move to a three yearly revaluation cycle from April 2026, there were no fundamental changes made to the operation of the business rates system. With the exception of the confirmation that local authorities will be compensated for the lost revenues arising from the relief schemes announced, the reforms are unlikely to have a material impact on the level of resources local authorities including the GLA will receive in future.

The uncertainty around the timing and implementation of the local government finance reforms and the failure again of the government to provide more than a one year settlement for local government, police and fire services means there remains significant uncertainty on the likely level of funding the GLA will receive through retained business rates and – in respect of MOPAC, Home Office policing grants – from 2023-24 onwards.

Conclusion
The lack of clarity to date from the government around the timing and impact of its planned reforms to local government finance and future funding allocations means there is currently considerable uncertainty around the revenue estimates set out in this Budget beyond 2022-23. The local government, fire and police settlements yet again cover only one financial year for the fourth year running despite multi year departmental control totals being announced in the 2021 Spending Review.

The long-term funding position beyond April 2023 is particularly uncertain due to the further delay in the implementation of planned reforms to local government finance including the fair funding reviews and business rates reset and lack of any multi year settlement for local government, police and fire services in England. This combined with the impact on the council tax and business rates taxbase, arising from the long term social and economic impact of the COVID-19 pandemic, make forward planning with any degree of certainty extremely challenging.

Budget timetable and key dates

Date	Description
24 February 2022	Mayor to present his Final Draft Consolidated Budget to the London Assembly.
28 February 2022	Statutory deadline for the Mayor to approve the final Capital Spending Plan for 2022-23 and notify the Secretary of State for Levelling Up, Housing and Communities.
31 March 2022	Statutory deadline for the Mayor to approve the Authorised Limit for external debt (borrowing) for the functional bodies and the GLA alongside the Prudential Indicators and Capital Financing Requirements required by statute.

Summary of changes compared to the Draft Budget

As noted in the Introduction, since the Draft Consolidated Budget document was published on 18 January 2022, the GLA has received returns from billing authorities, confirming council taxbases and the overall council tax collection fund deficit, as well as forecast business rates income for 2022-23. In addition, the government has published the final police and local government finance settlements, which have been approved by the House of Commons, confirming the level for the safety net business rates allocation. This document also reflects the final council tax referendum principles for the unadjusted and adjusted basic amounts of council tax.

As a result, material changes have been made to the Final Draft Budget to reflect, where applicable, the allocation of the additional retained business rates, local council tax support grant, council tax income, as well as each relevant body's share of the council tax deficit. A summary of the Mayor's proposed allocations of all of this additional income is presented in Part 1.

TfL has revised the repayment schedule of their £230.5m contribution towards the 2020-21 business rates deficit in line with the repayment profile for the GLA's actual repayment required to billing authorities.

The council tax Band D charges for 2022-23 in the 32 London Boroughs and the City of London remain as set out in the Draft Consolidated Budget, considered by the Assembly on 26 January 2022. However, the figures for the council tax requirement and Band D amounts in 2022-23 have been updated to reflect the final 2022-23 taxbases; and the forecast council tax requirements for future years have also been amended to reflect the consequential impact of this update.

Other minor typographical and wording changes have been made to the text to improve clarity, which do not affect the substance of the budget proposals.

Other formats and languages

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Chinese

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Hindi

यदि आप इस दस्तावेज की प्रति अपनी
भाषा में चाहते हैं, तो कृपया निम्नलिखित
नंबर पर फोन करें अथवा नीचे दिये गये
पते पर संपर्क करें

Vietnamese

Nếu bạn muốn có văn bản tài liệu
này bằng ngôn ngữ của mình, hãy
liên hệ theo số điện thoại hoặc địa
chỉ dưới đây.

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি
(কপি) চান, তা হলে নীচের ফোন্ নম্বরে
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος
εγγράφου στη δική σας γλώσσα, παρακαλείστε να
επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυ-
δρομικά στην παρακάτω διεύθυνση.

Urdu

اگر آپ اِس دستاویز کی نقل اپنی زبان میں
چاهتے هیں، تو براہ کرم نیچے دئے گئے نمبر
پر فون کریں یا دیئے گئے پتے پر رابطه کریں

Turkish

Bu belgenin kendi dilinizde
hazırlanmış bir nüshasını
edinmek için, lütfen aşağıdaki
telefon numarasını arayınız
veya adrese başvurunuz.

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى
الاتصال برقم الهاتف أو مراسلة العنوان
أدناه

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ
ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ
ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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