

# Part 2

# Draft Consolidated

# Budget 2020-21

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 consult the London Assembly, functional bodies, London Boroughs, the Common Council of the City of London and other interested parties, such as businesses, on the Mayor's proposed revenue budget and draft capital spending plan for 2020-21.
- 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 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 further success, entrepreneurial spirit, thriving economy, extraordinary diversity and creativity, tolerance and openness to the world. The key deliverables in this Budget are set out in Part 1.

### **GLA Group Capital Strategy**

- 1.5 The Mayor has requested that an updated Capital Strategy, setting out capital expenditure and funding plans for the next twenty years be produced. 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 under the GLA Act 1999.

### **Overall gross revenue and capital expenditure of the GLA Group**

- 1.6 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 and other sources of income, such as specific government grants and fares income.
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- 1.7 Overall gross revenue and capital expenditure is proposed to increase by £1,006.1 million in 2020-21 compared to the 2019-20 forecast outturn. This increase is primarily driven by the requirement for the GLA to make estimated tariff and levy payments in 2020-21 totalling £876.4 million to MHCLG under the business rates retention scheme, as result of the Government's decision to end the 75 per cent business rates retention pilot in London. No such payments applied in 2019-20 as the GLA was nominally a top up authority and the pilot was exempt from a levy on business rates growth. Once these items are excluded, the remaining increase largely reflects the planned increase in police officer numbers, expected to be funded by additional grant from central government, as well as increased expenditure on adult education, reflecting the whole-year effect of its devolution from central government, and the expansion of the TfL Rail network and London Overground services. This is partially offset by the GLA's planned contribution to the completion of the Elizabeth line, agreed in December 2018, which is expected to reduce significantly in 2020-21.
- 1.8 After allowing for fares, charges, other income and use of reserves, gross revenue expenditure of £13,251.1 million for 2020-21 translates into net revenue expenditure to be financed from government grants, retained business rates and the council tax precept of £6,291.5 million.
- 1.9 Set out below is a summary of the planned total revenue and capital expenditure of the GLA Group in 2020-21 compared to the 2019-20 forecast outturn. The GLA: Mayor Group Items expenditure includes the above forecast of the GLA's tariff and levy payments under the business rates retention system – the funding for which is received from London billing authorities through the 37 per cent share of business rates income in London which the Mayor has been awarded by the Government in the local government finance settlement.
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| <b>Total gross revenue and capital expenditure</b> | <b>Forecast<br/>Outturn<br/>2019-20<br/>£m</b> | <b>Budget<br/>2020-21<br/>£m</b> | <b>Change<br/>£m</b> | <b>Change<br/>%</b> |
|--|--|----------------------------------|----------------------|---------------------|
| <i>Revenue:</i>                                    |  |                                  |                      |                     |
| GLA: Mayor (services)                              | 611.5  | 824.3                            | 212.8                | 35%                 |
| GLA: Mayor (Group Items)                           | 23.1   | 898.6                            | 875.5                | 3,782%              |
| GLA: Assembly                                      | 8.5  | 8.4                              | -0.1                 | -1%                 |
| MOPAC  | 3,657.7  | 3,812.0                          | 154.3                | 4%                  |
| LFC  | 473.1  | 486.0                            | 12.9                 | 3%                  |
| TfL  | 7,044.5  | 7,147.5                          | 103.0                | 1%                  |
| LLDC   | 63.0   | 65.7                             | 2.7                  | 4%                  |
| OPDC   | 11.9   | 8.6                              | -3.3                 | -28%                |
| <b>Total revenue</b>                               | <b>11,893.2</b>                                | <b>13,251.1</b>                  | <b>1,357.9</b>       | <b>11%</b>          |
| <i>Capital:</i>                                    |  |                                  |                      |                     |
| GLA: Mayor   | 2,206.0  | 1,602.6                          | -603.4               | -27%                |
| MOPAC  | 274.3  | 414.7                            | 140.4                | 51%                 |
| LFC  | 33.2   | 37.4                             | 4.2                  | 13%                 |
| TfL  | 2,732.9  | 2,706.7                          | -26.2                | -1%                 |
| LLDC   | 145.9  | 279.1                            | 133.2                | 91%                 |
| OPDC   | 0.0  | 0.0                              | 0.0                  | n/a                 |
| <b>Total capital</b>                               | <b>5,392.3</b>                                 | <b>5,040.5</b>                   | <b>-351.7</b>        | <b>-7%</b>          |
| <b>Grand total revenue and capital</b>             | <b>17,285.5</b>                                | <b>18,291.6</b>                  | <b>1,006.1</b>       | <b>6%</b>           |

### Council tax precept

- 1.10 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.
- 1.11 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 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 (also known as the non-police precept). Council tax payers in the 32 London boroughs 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.

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- 1.12 The unadjusted Band D council tax precept for non-police services is assumed to increase by £1.56 or 1.99 per cent in 2020-21 – below the referendum threshold of 2 per cent, set out in the draft referendum principles report for 2020-21, published by the Ministry of Housing, Communities and Local Government (MHCLG) on 20 December 2019. For planning purposes, the referendum threshold of 2 per cent is assumed to remain at the same level in 2021-22 and future years; forecasts of council tax income in these years are based on assumed increases up to this threshold, together with assumed council tax buoyancy.
- 1.13 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 assumed at this stage to increase by £6.41 in 2020-21, equivalent to just under 2 per cent. This is based on an assumed referendum threshold for the adjusted amount of 2 per cent, in line with the position for local government and fire services, as the Government has not announced or consulted on council tax referendum limits for local policing bodies. Future years' increases are assumed up to the same percentage threshold. It is possible, as applied in 2018-19 and 2019-20, that the Government could set a monetary rather than a percentage referendum threshold for local policing bodies including MOPAC.
- 1.14 Pending announcement of the council tax referendum thresholds for policing, the Mayor proposes to increase his total Band D council tax charge – the adjusted amount – paid by taxpayers in the 32 London Boroughs from £320.51 to £326.92, in order to provide additional resources to support front line policing and fire and rescue services. The Band D charge payable by council tax payers in the City of London would increase from £78.38 to £79.94.
- 1.15 At this stage it is assumed that there will be a 2 per cent increase in the council tax base for 2020-21 for both the unadjusted and adjusted elements, pending confirmation of the final taxbase data from the 33 London billing authorities at the end of January 2020. The same percentage increase is also assumed in future years. Separately, the GLA's share of the estimated council tax collection fund surplus across London for 2019-20 is assumed to be £12.2 million – a sum which is receivable in 2020-21. A decision on the allocation of this will be made when the actual aggregate surplus is confirmed by the 33 billing authorities at the end of January 2020. Surpluses of £12.2 million are also forecast for the following three financial years.
- 1.16 Taking into account the above assumptions the forecast consolidated council tax requirement for 2020-21 is £999.4 million. Details of the component council tax requirements for each constituent body of the GLA Group for 2020-21, and indicative figures for the following three years, are set out in the table below.
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| <b>Component council tax requirements</b>          | <b>Approved<br/>2019-20<br/>£m</b> | <b>Proposed<br/>2020-21<br/>£m</b> | <b>Plan<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> | <b>Plan<br/>2023-24<br/>£m</b> |
|--|------------------------------------|------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| GLA (Mayor)  | 67.6                               | 67.6                               | 69.1                           | 70.6                           | 71.2                           |
| GLA (Assembly)                                     | 2.6                                | 2.6                                | 2.7                            | 2.7                            | 2.7                            |
| MOPAC  | 725.2                              | 754.5                              | 785.0                          | 816.7                          | 839.7                          |
| LFC  | 159.2                              | 168.6                              | 177.0                          | 185.7                          | 192.5                          |
| TfL  | 6.0                                | 6.0                                | 6.0                            | 6.0                            | 6.0                            |
| LLDC   | 0.0                                | 0.0                                | 0.0                            | 0.0                            | 0.0                            |
| OPDC   | 0.0                                | 0.0                                | 0.0                            | 0.0                            | 0.0                            |
| <b>Consolidated council tax requirement</b>        | <b>960.6</b>                       | <b>999.4</b>                       | <b>1,039.7</b>                 | <b>1,081.7</b>                 | <b>1,112.2</b>                 |
| <i>Total Band D council tax charge payable in:</i> |                                    |                                    |                                |                                |                                |
| 32 London Boroughs (adjusted amount)               | £320.51                            | £326.92                            | £333.45                        | £340.11                        | £346.91                        |
| City of London (unadjusted amount)                 | £78.38                             | £79.94                             | £81.53                         | £83.16                         | £84.82                         |

- 1.17 As a result of the assumed increase in the Band D police precept and the forecast taxbase increase, an additional £29.3 million in council tax income will be available for policing in 2020-21 compared to 2019-20. Income from council tax, known as the council tax requirement, for the Mayor, Assembly and TfL for 2020-21 will held at 2019-20 levels, enabling the growth in council tax income for the non-police precept to be allocated to fire and rescue services. As a result, the council tax requirement for the London Fire Commissioner in 2020-21 will be £9.4 million higher than in 2019-20.
- 1.18 In future years of the budget period, it is assumed that all of the additional income from increases in the Band D charge will continue to be allocated to policing and fire and rescue services. The combined share of the Band D charge attributable to the Mayor, Assembly and TfL is planned to remain at the same level in future years, although growth in the taxbase will provide some additional funding to the GLA. Business rates allocations will be adjusted to take into account actual council tax income, in order to maintain the control totals for the GLA and its functional bodies as set out in this budget.
- 1.19 The council tax requirement for 2020-21 and the Band D charges are subject to change before the Mayor's final draft budget is published in February. This reflects the need for the Mayor to have regard to the actual council tax referendum principles applying to the GLA once they are confirmed by the Government and the impact of the final police and local government finance settlements, including the overall level of funding available for policing. In addition, the final council tax requirement figures will take into account the council taxbase and business rates income forecasts for 2020-21 and the GLA's share of the final estimated collection fund surplus or deficits from both revenue streams for 2019-20, which will be provided by the 33 London billing authorities by 31 January 2020. More detailed information about the precept and its calculation is included in Appendix H.



**Business rates retention and London pooling arrangements**

- 1.20 Since 2013-14 retained business rates have replaced grants from central government to provide core general funding for the GLA, LFC and 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. The combined retained business rates funding allocated in this budget for services is assumed to total nearly £2.34 billion in 2020-21. The actual sum estimated to be received in business rates income from the 33 billing authorities exceeds £3.2 billion taking into account the estimated tariff and levy on growth payable to MHCLG.
- 1.21 In September 2019, following the Spending Review, the Government confirmed the 75 per cent business rates retention pilots for 2019-20 would not continue in 2020-21, except for those areas such as the Greater Manchester, Liverpool and West Midlands combined authorities with specifically negotiated devolution deals which will retain their 100 per cent pilots. As a result, the arrangements in London for 2020-21 will return to those in operation for the 2017-18 financial year, when the GLA's partial 67 per cent pilot was in place, which included the rolling in to retained business rates of the former TfL capital investment grant and the Mayor's allocation for revenue support grant.
- 1.22 The Mayor and the 33 borough leaders and elected Mayors have agreed, in principle, that the London business rates pool will remain in place for 2020-21, in order to maintain the success of the collaboration arrangements by London government over the last few years and to maximise the level of locally retained revenues. The retention of the pool means London will make a single aggregate tariff and levy payment on growth to the Government through the lead authority (the Corporation of London). However, the change in the share of business rates retained by authorities in London as a result of the ending of the 75 per cent pilot will reduce the level of financial benefit from the pooling arrangements. The lower share of retained business rates will, as a consequence, lead to a lower share locally retained income. Alongside billing authorities and central government, the GLA will continue to retain its share of the growth above the business rates baseline, set by the Government, according to the proportions set out above subject to paying a levy on a proportion of this growth through the pool.
- 1.23 This levy on business rates growth has been reinstated following the ending of the pilot and did not apply in either 2018-19 or 2019-20. A key benefit from continuing the pool is that the collective levy rate and, on current estimates, the aggregate levy payment for the pool will be lower than the total levy payments which would otherwise have been paid across London if all 34 authorities had operated independently.
- 1.24 It is estimated at this stage based on the forecast outturn for 2019-20, adjusted for inflation, and the expected allocations in the final local government finance settlement that the GLA will make a combined tariff and levy contribution to the Government from its share of business rates income through the London pool of £876.4 million in 2020-21. This sum will be used to support local services elsewhere in England. The precise amounts payable are dependent on calculations which will be set out in the final local government finance settlement and subsequent secondary legislation. The final estimates will form part of the statutory calculations for the GLA: Mayor component budget in the Mayor's draft and final draft budget.
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- 1.25 In order to ensure pooling is maintained across London and to offer a meaningful incentive, the Mayor has agreed that the additional retained income arising specifically from pooling (i.e. the levy saving) should be shared amongst the 33 billing authorities only using a formula agreed by borough Leaders. The GLA secures an additional benefit separately through its higher 37 per cent retention share which is greater than its relative share of baseline funding in London.
- 1.26 At this stage, the allocations of retained business rates in this budget for the GLA and functional bodies take into account the latest billing authority forecasts for 2019-20 updated for inflation. Following the submission of the statutory estimates by the 33 billing authorities in late January 2020, the actual level of business rates income available to the GLA in 2020-21 will be confirmed. The final draft budget will set out allocations for any additional business rates growth, if any, which becomes available taking into account those returns. As in previous years, there is a strong likelihood, therefore, that there will be significant variations between the forecasts set out in this draft budget and the final draft budget to be agreed in February.
- 1.27 It is important to note that there is considerable uncertainty on the level of business rates income the GLA will retain from 2021-22 onwards. The Government's multi-year spending review is now expected to take place in 2020, and the implementation of reforms to the business rates retention system – including the planned reset of business rates growth – and the local government and fire fair funding distribution reviews have been delayed until at least 2021-22. The incoming Government has also committed to undertake a fundamental review of business rates as a tax. More detailed information about future funding assumptions is available in Appendix I.

### Summary of spending plans and council tax requirement calculation

- 1.28 Forecast council tax precept income (the 'consolidated council tax requirement') and the other sources of finance for 2020-21, including government grants and fare revenues, are summarised in the table below.

| Spending plans and council tax requirements               | 2020-21<br>£m | 2020-21<br>% |
|---|---------------|--------------|
| Spending plans  | 13,251.1      | 100%         |
| <i>Less:</i>  |               |              |
| Fares income  | -5,123.5      | -39%         |
| Home Office Police General and Formula Grant              | -2,059.9      | -16%         |
| Other general income                                      | -1,658.7      | -13%         |
| Retained business rates                                   | -2,302.2      | -17%         |
| Home Office specific grants for policing                  | -580.7        | -4%          |
| Other specific Government grants                          | -349.3        | -3%          |
| Use of reserves   | -177.5        | -1%          |
| <b>Consolidated council tax requirement for GLA Group</b> | <b>999.4</b>  | <b>8%</b>    |

### Funding allocations from sources over which the Mayor has direct control

- 1.29 The tables overleaf summarise the proposed funding allocations from retained business rates and council tax to the GLA: Mayor and Assembly and the relevant functional bodies for 2020-21 compared to the revised 2019-20 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. The year on year change in the allocation for MOPAC reflects the impact of the Mayor having advanced just under £120 million of resources from business rates to front fund the cost of the additional 1,000 police officers for 2020-21 and 2021-22 in his 2019-20 budget. This approach was adopted due to methodology changes expected to be made by the Government to the business rates retention system from April 2020 which have subsequently been deferred until April 2021.
- 1.30 Appendix H sets out a summary and detailed breakdown of the revenue expenditure, Government grants and retained rates allocations proposed by the Mayor.

### Allocation of funding sources over which the Mayor has direct control

|                                | Mayor        | Assembly   | MOPAC         | LFC          | TfL            | LLDC        | OPDC        | Group items  | Total          |
|--------------------------------|--------------|------------|---------------|--------------|----------------|-------------|-------------|--------------|----------------|
|                                | £m           | £m         | £m            | £m           | £m             | £m          | £m          | £m           | £m             |
| <b>2020-21</b>                 |              |            |               |              |                |             |             |              |                |
| Council tax                    | 67.6         | 2.6        | 754.5         | 168.6        | 6.0            | 0.0         | 0.0         | 0.0          | 999.4          |
| Collection fund surplus (Ctax) | 0.0          | 0.0        | 0.0           | 0.0          | 0.0            | 0.0         | 0.0         | 12.2         | 12.2           |
| Business rates                 | 61.5         | 5.9        | 95.0          | 230.7        | 1,878.2        | 32.6        | 7.8         | 900.5        | 3,212.2        |
| Group reserves                 | 0.0          | 0.0        | 0.0           | 0.0          | 0.0            | 4.9         | 0.0         | 0.0          | 4.9            |
| <b>Total Mayoral funding</b>   | <b>129.1</b> | <b>8.5</b> | <b>849.5</b>  | <b>399.3</b> | <b>1,884.2</b> | <b>37.5</b> | <b>7.8</b>  | <b>912.7</b> | <b>4,228.7</b> |
|                                |              |            |               |              |                |             |             |              |                |
|                                | Mayor        | Assembly   | MOPAC         | LFC          | TfL            | LLDC        | OPDC        | Group items  | Total          |
|                                | £m           | £m         | £m            | £m           | £m             | £m          | £m          | £m           | £m             |
| <b>2019-20</b>                 |              |            |               |              |                |             |             |              |                |
| Council tax                    | 67.6         | 2.6        | 725.2         | 159.2        | 6.0            | 0.0         | 0.0         | 0.0          | 960.6          |
| Collection fund surplus (Ctax) | 3.7          | 0.0        | 18.5          | 0.0          | 0.0            | 0.0         | 0.0         | 0.0          | 22.1           |
| Business rates                 | 63.3         | 5.2        | 220.0         | 233.2        | 1,907.3        | 16.8        | 9.5         | 3.5          | 2,458.7        |
| Mayor's SIF                    | 60.7         | 0.0        | 0.0           | 0.0          | 0.0            | 0.0         | 0.0         | 0.0          | 60.7           |
| Group reserves                 | 0.0          | 0.0        | 0.0           | 0.0          | 0.0            | 21.6        | 1.4         | 0.7          | 23.7           |
| <b>Total Mayoral funding</b>   | <b>195.2</b> | <b>7.8</b> | <b>963.7</b>  | <b>392.3</b> | <b>1,913.3</b> | <b>38.4</b> | <b>10.9</b> | <b>4.2</b>   | <b>3,525.8</b> |
|                                |              |            |               |              |                |             |             |              |                |
| <b>Change</b>                  | <b>-66.1</b> | <b>0.7</b> | <b>-114.2</b> | <b>7.0</b>   | <b>-29.1</b>   | <b>-0.9</b> | <b>-3.1</b> | <b>908.5</b> | <b>702.9</b>   |

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### **Equalities**

- 1.31 Promoting equality, diversity, inclusion, social mobility and social integration are all 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; implementation of both strategies is now underway.
- 1.32 All seven constituent bodies (the Mayor and Assembly and the five functional bodies) must comply with section 149 of the Equality Act 2010, which sets out the public sector equality duty (PSED). Compliance with the duty is iterative and on-going. For all the bodies concerned it includes carrying out a process to identify and actively consider potential detrimental impacts (if any) that may arise for individual protected groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken. A more detailed explanation of the PSED is set out in Section 2 of Part 3 of this report.
- 1.33 The constituent bodies will undertake this at a budget level and in the implementation of their individual policies, programmes and projects. An interim assessment of the equality implications of each component body's budget at this stage of the process is set out in each of their sections.

### **Environment**

- 1.34 Addressing the environmental challenges that London faces is a key priority for the Mayor. His London Environment Strategy (LES) was published in May 2018 and outlines actions to achieve his vision for London in 2050 that will realise the potential of London's environment to support good health and quality of life and to make the city a better place to live, work and do business. Implementation of the strategy is now underway.
- 1.35 The GLA Group has a key role in delivering the actions in the LES and its implementation plan. Chapter 11 of the Strategy sets out the framework for GLA Group action, including using its procurement power to drive markets for green services and goods, trialling new technologies and approaches to bring confidence for wider market roll out, and acting as powerful demonstrators of best practice.
- 1.36 All seven constituent bodies (the Mayor and Assembly and the five functional bodies) have ensured their budget proposals include sufficient resourcing and budget necessary for the efficient and effective delivery of the LES. An interim assessment of the environment implications of each component body's budget at this stage of the process is set out in each of their sections.

### **Priorities for Londoners Survey**

- 1.37 From August to September 2019 the GLA conducted online interviews through the Talk London community, with 2,292 London residents aged 16 and over. The Priorities for Londoners survey was intended to highlight residents' priorities in order to ensure these are being addressed in this budget. The main themes for the questions in the survey were as follows:
- To what extent are Londoners satisfied with their lives in London, and what drives this level of satisfaction?;
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- What do Londoners think are the most important elements of life in the city for creating a fulfilling place to live and work?;
  - What does the balance of satisfaction and relative importance of different aspects of London life mean for experience and enjoyment of the city?; and
  - What can be done to best improve the overall outlook on life in London, and where should efforts be focused?
- 1.38 Interviews were not randomly sampled; however, the responses were weighted by age, gender and ethnicity to reflect that of the London population. Additional interviews were carried out via an online YouGov panel from September to October 2019 in order to achieve a representative sample.
- 1.39 The survey found that residents' overall satisfaction levels were high for London (72 per cent) and residents' local areas (68 per cent). There were positive levels of satisfaction for culture and sport in the capital, as well as diversity, the transport system and London's economy. As in 2015, when the survey was last conducted, housing and the cost of living remain the two most important issues facing London today. Respondents ranked policing and safety as the third most important issue, very closely followed by the environment. Set out below are details of how this Budget proposes to address the key conclusions of the survey.
- 1.40 The Mayor is using all the resources and powers currently at his disposal to tackle the housing crisis, and in 2018-19 started a record 14,544 affordable homes, including nearly 4,000 at social rent levels – more than in any year since City Hall took control of housing investment in the capital, and exceeding the target of 14,000 agreed with Government ministers. However, the GLA's capacity to solve these issues is constrained by the Government. Although this Budget will fund the start of 116,000 new affordable homes by 2022, the Government requires that around half of these are for Londoners on middle incomes, despite there being far greater need for affordable homes for social rent. Therefore, the Government's restriction does not allow the Mayor to meet London's needs. Approximately £2.7 billion per annum in affordable housing grant is required – more than four times the current average. Further, the Government has yet to accede to the Mayor's requests to reform the constraints on his Compulsory Purchase Order (CPO) powers and give him the ability to set controls on rent levels.
- 1.41 The cost of living in London is also a key priority for the Mayor but his powers to tackle this remain limited. The steps he is taking on housing are set out above. The Mayor has frozen TfL's fares for the full duration of his first administration. The Budget channels investment into key areas such as equipping Londoners with the skills, education and training needed to participate in the modern economy. As part of the Good Work Standard, the Mayor has called for more employers to pay the London Living Wage. The Mayor has pressed for greater worker protections to be introduced, including recommendations from the Taylor Review on improvements to the rights of agency workers, those on zero-hour contracts and those employed in the 'gig' economy.
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- 1.42 The Mayor has consistently said that the safety of Londoners is his top priority. He has increased the annual resources of the police and fire services over his first administration by over £200 million. Police officer numbers will be 31,000 by the end of December 2019 and are set to increase and be maintained over the next two financial years at least. The Mayor has established a Violence Reduction Unit and a series of programmes to combat crime and violence. The London Fire Brigade is funded at some £25 million above the level set out by the Government's funding settlement. The Mayor has committed to providing the funding necessary for the Brigade to implement the recommendations from the Grenfell Tower Inquiry.
- 1.43 The environment is a key priority for the Mayor, including addressing the huge challenges facing our city, such as cleaning up London's toxic air and tackling the climate and ecological emergency. Building on the achievements delivered this financial year, including launching the world's first Ultra Low Emission Zone, in 2020-21 the Mayor will continue to fund the range of immediate actions needed to improve the environment now and to achieve the long-term ambitious targets set out in his London Environment Strategy. These include making more than half of London green, achieving legal and World Health Organisation pollution limits and making London a zero carbon, zero waste city with zero emission transport.

#### **Structure of this Draft Budget Document**

- 1.44 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.
- 1.45 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.
- 1.46 For further information on these documents, or in respect of budget proposals, please contact:
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|--|--|
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- 1.47 Londoners can also participate in the discussion on the budget on the Talk London website. The results of this informal engagement will be considered before the final budget is proposed.
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## Greater London Authority: Mayor of London

- 2.1 The GLA is a strategic authority with a London-wide role to design a better future for the capital. The Mayor of London sets a city-wide vision of improvement, develops strategies, policies and investment programmes to realise the vision and provides funding and encouragement to help make it a reality.
- 2.2 For the purpose of budget setting 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 and is set out at Section 3. The budget for the Mayor is set out below. It 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 starts on site for at least 57,300 genuinely affordable homes by 31 March 2022, contributing towards the Affordable Housing Programme lifetime target of 116,000 starts between 2016 and 2022;
  - unlock and accelerate delivery of over 5,000 homes on GLA-owned land across development projects in the Royal Docks and Beam Park;
  - continue to ensure 85 per cent of those supported by our homelessness services exit rough sleeping;
  - extend the Ultra Low Emission Zone to cover a larger zone bounded by the North and South Circular Roads by autumn 2021;
  - establish London Power as a respected and fair energy company, generating over time, surpluses to reinvest in community projects;
  - deliver at least 100 new drinking fountains by March 2021;
  - continue with the major tree planting programmes and improving green spaces, including planting thousands more new street trees by the end of 2020-21 and creating or improving up to 150 green space projects;
  - fund 1,000 cultural and community events, creating or safeguarding 7,000 jobs and improve 120,000 square metres of public realm by March 2021 through the Good Growth Fund;
  - support more than 7,100 individuals to sustain employment, education or training before the end of 2022-23 and over 6,400 small and medium-sized enterprises (SMEs) to complete projects;
  - minimise the impact of Brexit on London's vulnerable communities including EU Londoners and those with insecure immigration status, and low-income Londoners, through the GLA's online portals and partnerships with voluntary organisations;
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- maximise Londoners' opportunities to access sport and physical activity and ensuring sport is a force for social integration, with over 18,000 Londoners participating in Sport Unites projects in 2020-21;
- honour London's EURO 2020 host city commitments; and
- deliver London Boroughs of Culture for 2020, 2021 and 2023 and nine Cultural Impact Awards, which will increase diverse participation in culture.

### **Gross revenue expenditure**

- 2.4 The Mayor is proposing an increase in gross revenue expenditure (excluding group items) of £92.0 million in 2020-21 compared to the revised budget for 2019-20 and £211.9 million compared to the forecast outturn for 2019-20. These variances reflect primarily the impact of incorporating a full year's worth of expenditure on the Adult Education Budget (AEB) which was devolved to the GLA from 1 August 2019 and the profiling of expenditure on the Strategic Investment Fund.

### **Net revenue expenditure and council tax requirement**

- 2.5 After deducting fees, charges, investment income, business rate supplement 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, net expenditure for 2020-21 for GLA: Mayor services is proposed to be £440.1 million. This excludes transactions of £5.9 million, which relates to Group collaborative procurement projects and funding from the GLA to London billing authorities to support business rates and council tax income maximisation projects. These are shown separately in the GLA Group items budget in Appendix A. After deducting income from retained business rates and the net council tax and business rates collection fund surpluses, the statutory council tax requirement for the Mayor is £67.6 million.
- 2.6 The GLA: Mayor's budget on a directorate (i.e. objective) basis is set out in the table overleaf. It is now based on the revised directorate restructure presented to the Oversight Committee in July 2019. The major changes are:
- the Development, Enterprise & Environment directorate has been renamed Good Growth. The Culture and Creative Industries teams have been moved to this directorate but Skills and Employment (including the AEB which exceeds £300 million) has been transferred to the new Communities and Skills directorate;
  - the Communities and Intelligence Directorate has been replaced by the Communities and Skills Directorate. In addition to Skills and Employment, this Directorate also comprises the Health, Education & Youth, Communities & Social Policy, Team London, and Food teams;
  - a new Strategy and Communications Directorate which comprises City Intelligence, External Affairs, Major Sports Events, the Mayor's Press Office, City Operations, Information Governance, Policy and Performance support and Fire & Resilience; and
  - the Resources directorate has been expanded to include the Technology Group and Facilities Management, in addition to Financial Services and Group Finance, and the Chief Officer's directorate is accordingly reduced in scope.



| <b>Objective analysis</b>                                       | <b>Revised Budget</b> | <b>Forecast</b> | <b>Budget</b>  | <b>Plan</b>    | <b>Plan</b>    | <b>Plan</b>    |
|---|-----------------------|-----------------|----------------|----------------|----------------|----------------|
| <b>GLA: Mayor services</b>                                      | <b>2019-20</b>        | <b>2019-20</b>  | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|   | <b>£m</b>             | <b>£m</b>       | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| <i>Directorate Expenditure</i>                                  |                       |                 |                |                |                |                |
| Good Growth   | 56.8                  | 45.6            | 48.2           | 46.2           | 43.9           | 45.0           |
| Housing & Land  | 65.6                  | 45.4            | 45.3           | 41.0           | 39.5           | 38.1           |
| Communities & Skills  | 256.7                 | 251.3           | 357.3          | 348.4          | 342.5          | 339.3          |
| Strategy and Communications                                     | 11.4                  | 12.3            | 26.8           | 18.1           | 20.0           | 20.2           |
| Resources   | 29.2                  | 32.9            | 32.4           | 32.4           | 32.7           | 32.8           |
| Chief Officer   | 5.3                   | 6.0             | 6.3            | 6.2            | 6.1            | 6.2            |
| Mayor's Office  | 6.0                   | 6.0             | 5.8            | 6.0            | 6.1            | 6.2            |
| Elections   | 3.7                   | 5.7             | 20.9           | 0.1            | 0.5            | 0.5            |
| <b>Directorate expenditure</b>                                  | <b>434.8</b>          | <b>405.2</b>    | <b>543.1</b>   | <b>498.4</b>   | <b>491.3</b>   | <b>488.4</b>   |
| Strategic investment fund (SIF)                                 | 108.8                 | 17.3            | 51.3           | 103.3          | 0.0            | 0.0            |
| Contingency   | 1.0                   | 1.0             | 1.0            | 1.0            | 1.0            | 1.0            |
| <b>Other service expenditure</b>                                | <b>109.8</b>          | <b>18.2</b>     | <b>52.3</b>    | <b>104.3</b>   | <b>1.0</b>     | <b>1.0</b>     |
| Financing costs – Crossrail                                     | 124.7                 | 124.7           | 132.7          | 130.8          | 123.8          | 116.7          |
| Financing costs – Northern Line Extension                       | 19.6                  | 19.6            | 20.5           | 20.5           | 20.5           | 20.5           |
| Financing costs – other   | 6.1                   | 6.4             | 6.3            | 5.7            | 5.7            | 5.7            |
| Provision for repayment of debt/<br>other grant payments - LLDC | 12.8                  | 12.8            | 11.8           | 11.8           | 11.8           | 11.8           |
| <b>Financing Costs</b>  | <b>163.2</b>          | <b>163.5</b>    | <b>171.3</b>   | <b>168.8</b>   | <b>161.7</b>   | <b>154.9</b>   |
| Interest receipts   | -13.7                 | -24.5           | -17.4          | -17.4          | -17.4          | -17.4          |
| Crossrail BRS and MCIL  | -124.7                | -124.7          | -132.7         | -130.8         | -123.8         | -116.7         |
| Northern Line Extension contributions                           | -19.6                 | -19.6           | -20.5          | -20.5          | -20.5          | -20.5          |
| Interest receipts GLAP loan                                     | -9.9                  | -10.0           | -9.9           | -9.9           | -9.9           | -9.9           |
| Adjustment for direct net GLAP expenditure                      | -19.6                 | -19.6           | -18.4          | -18.4          | -18.4          | -18.4          |
| GLAP recharge   | -5.3                  | -5.3            | -6.4           | -6.4           | -6.4           | -6.4           |
| <b>Income</b>   | <b>-192.8</b>         | <b>-203.7</b>   | <b>-205.3</b>  | <b>-203.4</b>  | <b>-196.4</b>  | <b>-189.1</b>  |
| Transfer to/from (-) reserves held for GLA services             | -61.9                 | -21.8           | -70.0          | -14.0          | -6.8           | -4.0           |
| Transfer to/from (-) reserves for GLA Group                     | -65.9                 | 25.7            | -51.3          | -103.3         | 0.0            | 0.0            |
| <b>Net service expenditure after use of reserves</b>            | <b>387.2</b>          | <b>387.2</b>    | <b>440.1</b>   | <b>450.9</b>   | <b>450.7</b>   | <b>451.3</b>   |
| Specific grants   | 192.0                 | 192.0           | 311.0          | 311.0          | 311.0          | 311.0          |
| Retained business rates   | 124.0                 | 124.0           | 61.5           | 70.8           | 69.3           | 68.7           |
| Council tax collection fund surplus                             | 3.7                   | 3.7             | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>Council tax requirement</b>                                  | <b>67.6</b>           | <b>67.6</b>     | <b>67.6</b>    | <b>68.9</b>    | <b>70.3</b>    | <b>71.7</b>    |

### Explanation of budget changes

- 2.7 An analysis of the year on year movement in the proposed council tax requirement for the GLA: Mayor compared to the revised budget for 2019-20 is set out below. An explanation of each change is provided in the paragraphs that follow.

| <b>Changes in the council tax requirement</b>             | <b>£m</b>   |
|---|-------------|
| 2019-20 council tax requirement                           | 67.6        |
| <i>Changes due to:</i>                                    |             |
| Inflation   | 1.4         |
| Savings and efficiencies                                  | -7.3        |
| Net change in service expenditure and income              | 52.2        |
| Change in use of reserves                                 | 6.5         |
| Net change in retained business rates and specific grants | -56.5       |
| Change in council tax collection fund surplus             | 3.7         |
| <b>2020-21 council tax requirement</b>                    | <b>67.6</b> |

### Inflation

- 2.8 The budget includes a provision for inflation of £1.4 million. This includes inflation relating to pay and contractual increases relating to utilities and other related services.

### Savings and efficiencies

- 2.9 The budget incorporates planned savings and efficiencies of £7.3 million, reflecting savings from Directorate programme budgets and the generation of additional income, including increased interest receipts.

### Net change in service expenditure and income

- 2.10 There is a net change in service expenditure and income of £52.2 million due to new programmes, expenditure on Mayoral and Assembly elections, events for the UEFA EURO 2020 football championship and incorporating the full-year effect of the adult education budget.

### Change in use of reserves

- 2.11 The budget proposes a net decrease in the budgeted use of reserves of £6.5 million, reflecting the planned use of reserves held to fund mayoral projects and initiatives.

### Net change in retained business rates and specific grants

- 2.12 There is a £56.5 million net increase in income from retained business rates and specific grants in 2020-21, compared to the revised 2019-20 budget. This reflects the increase in the specific grant for the full-year effect of adult education in the budget. The increase is offset in part by the lower level of business rates income, primarily due to there being no Strategic Investment Fund in 2020-21.

**Crossrail**

- 2.13 In light of the GLA's additional £1.4 billion contribution to Crossrail, agreed in December 2018, of which £1.3 billion is funded from borrowing, its capital financing costs relating to this project have increased. This expenditure will be funded using a mixture of Business Rate Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL) revenues. This will not affect the tax policies for the BRS in 2020-21 (i.e. the sums ratepayers pay) which will be approved via a separate Mayoral Decision. Any changes, if any, required to the GLA's capital financing budget and capital spending plan as a result of the further overspend on Crossrail will be reflected in the final draft budget if an agreement on meeting these additional costs has been reached with Government prior to the publication of this.

**Equalities**

- 2.14 In line with the Mayor's Inclusive London Equality, Diversity and Inclusion Strategy, the budget proposals include a wide range of measures which will have positive equalities outcomes, particularly for Londoners who face disadvantage, unfairness or discrimination. Budget measures which are expected to have positive impacts on equalities include:
- significant commitments on affordable housing;
  - working with employers and others to ensure that London's economy is fair and inclusive, including through the Good Work Standard and promotion of the London Living Wage, as outlined in the Mayor's Economic Development Strategy;
  - supporting skills development, including through the devolved Adult Education Budget (AEB) and apprenticeships;
  - giving young people the best chances by investing in London's further education sector and supporting a wide range of programmes across London through the Young Londoners Fund;
  - the promotion of volunteering as a path to acquiring skills and accessing new employment opportunities;
  - an expanded social integration programme that includes reducing inequality and tackling the specific barriers faced by some groups of Londoners as a key component;
  - working to reduce health inequalities, in line with the Mayor's Health Inequalities Strategy, including new partnerships and support for action across the full range of the GLA's work; and
  - identifying and implementing actions to make further progress in reducing gender and ethnicity pay gaps within the GLA, including by further improving our recruitment and talent management practices.
- 2.15 Equalities impacts will continue to be considered in line with the PSED as individual programmes are developed and approved through the Authority's decision-making processes. The ongoing process of implementation and reporting on the Mayor's Equality, Diversity and Inclusion Strategy will also ensure that the impacts of the allocations made in this budget are maximised and assessed against the Mayor's strategic equality objectives.

**Environmental impact**

2.16 Both the revenue budget proposals and the draft capital strategy and capital spending plan prioritise environmental matters to improve the built and wider environment. They include many projects and initiatives, among others, to:

- tackle London's dangerously polluted air by leading on the delivery of the Mayor's statutory air quality duties – working towards London having the best air quality of any major world city by 2050;
- establish London Power as a respected and fair energy company, and delivering energy projects to decarbonise London's homes and workplaces, while protecting the most vulnerable by tackling fuel poverty;
- support campaigns and initiatives to cut the use of single-use packaging including the provision of funding for the installation of more drinking water fountains and behaviour change campaigns to drive a water refill culture;
- ensure London, as the world's first National Park City, is greener in 2050 than it is today, including investing in improving green space, greening the built environment and planting trees to increase tree cover;
- deliver green infrastructure including sustainable drainage that manages flood risk and reduces urban heat;
- increase the resilience of new and existing buildings through strong planning policy and deliver water efficiency and ventilation measures through the Mayor's Energy for Londoners programme; and
- ensure City Hall and all other GLA buildings maintain the highest environmental standards on heating, lighting and waste, and cutting unnecessary use of plastic and disposables across our estate.

**Reserves**

2.17 The Business Rates Reserve is used to manage business rates income risk. Temporary use of the Business Rates Reserve in 2019-20 results in the balance reducing to £170.0 million. The level of the reserve will be increased to its previous balance of £188.2 million in 2020-21 and is forecast to remain at the level throughout the planning period.

2.18 There is great uncertainty over the level of retained business rates income the GLA will receive in future years. This arises from the multi-year Government Spending Review, expected in 2020; the anticipated completion of the fair funding review for local government and fire services; an expected fundamental review of business rates as a tax and reforms to the business rates retention system, including a reset of business rates growth achieved since 2013-14, which are likely to be implemented over the planning period. Small changes relating to any of the above factors could have a material impact on the level of retained business rates income received by the GLA. The Executive Director of Resources advises that this level of uncertainty requires the level of the Business Rates Reserve to be maintained at £188.2 million in future years.

- 2.19 The Strategic Investment Fund (SIF) reserve was created to manage the timing of the draw down of the additional business rates growth generated for the GLA under the 2018-19 and 2019-20 business rates pilots. The balance held on this reserve is forecast to be £154.6 million at the end of 2019-20, with expenditure on committed projects taking place in the years ahead.
- 2.20 The balance on the Mayoral Development Corporation Reserve (MDC) will be reduced from £9.5 million at the end of 2019-20 to £3.6 million by 2021-22. This reserve is ringfenced to support LLDC and OPDC, as a contingency held for any unexpected costs.
- 2.21 The GLA's general reserve will be maintained at £10 million until the end of the planning period.
- 2.22 Reserves earmarked for GLA: Mayor services are forecast to be £179.1 million at the close of 2019-20 and reduce to £85.1 million by the close of 2023-24 reflecting the planned use of the reserves to support Mayoral priorities.
- 2.23 The unused earmarked reserves for GLA services at the end of 2023-24 include revenue grants unapplied of £30.6 million, £13.4 million for the Mayor and Assembly elections in 2024 and £8 million for the Museum of London.
- 2.24 The capital programme reserve is forecast to reduce from £38.1 million at the end of 2019-20 to £23.4 million by the close of 2023-24.
- 2.25 The LLDC Capital Funding reserve estimated to be £145.2 million at the end of 2019-20 will be applied to provide funding to the development of East Bank in 2020-21 and 2021-22.

| Movement in reserves during financial year | Outturn      | Forecast     | Budget       | Plan         | Plan         | Plan         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2018-19      | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|  | £m           | £m           | £m           | £m           | £m           | £m           |
| Opening balances                           | 504.9        | 721.2        | 707.4        | 527.9        | 326.5        | 317.7        |
| <i>Transfers to/from (-):</i>              |              |              |              |              |              |              |
| Business Rates Reserve                     | -11.2        | -18.2        | 18.2         | 0.0          | 0.0          | 0.0          |
| Mayoral Development Corporation Reserve    | -23.0        | 6.3          | -4.9         | -1.0         | 0.0          | 0.0          |
| Reserves earmarked for GLA services        | 115.2        | -51.6        | -69.3        | -14.0        | -6.8         | -4.0         |
| Capital Programme Reserve                  | -12.6        | -12.2        | -8.4         | -2.0         | -2.2         | -2.2         |
| LLDC Capital Funding Reserve               | 61.9         | 19.2         | -64.0        | -81.2        | 0.0          | 0.0          |
| Strategic Investment Fund                  | 111.2        | 43.4         | -51.3        | -103.3       | 0.0          | 0.0          |
| Assembly Reserve                           | 0.0          | -0.7         | 0.2          | 0.2          | 0.2          | 0.2          |
| General Reserve                            | -25.1        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Closing balances</b>                    | <b>721.2</b> | <b>707.4</b> | <b>527.9</b> | <b>326.5</b> | <b>317.7</b> | <b>311.7</b> |

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

| <b>Total reserves at end<br/>of financial year</b> | <b>Outturn<br/>2018-19</b> | <b>Forecast<br/>2019-20</b> | <b>Budget<br/>2020-21</b> | <b>Plan<br/>2021-22</b> | <b>Plan<br/>2022-23</b> | <b>Plan<br/>2023-24</b> |
|--|----------------------------|-----------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
|  | <b>£m</b>                  | <b>£m</b>                   | <b>£m</b>                 | <b>£m</b>               | <b>£m</b>               | <b>£m</b>               |
| Business Rates Reserve                             | 188.2                      | 170.0                       | 188.2                     | 188.2                   | 188.2                   | 188.2                   |
| Mayoral Development Corporation Reserve            | 3.1                        | 9.5                         | 4.6                       | 3.6                     | 3.6                     | 3.6                     |
| Reserves earmarked for GLA services                | 230.8                      | 179.1                       | 109.8                     | 95.9                    | 89.0                    | 85.1                    |
| Capital Programme Reserve                          | 50.3                       | 38.1                        | 29.7                      | 27.7                    | 25.5                    | 23.4                    |
| LLDC Capital Funding Reserve                       | 126.0                      | 145.2                       | 81.2                      | 0.0                     | 0.0                     | 0.0                     |
| Strategic Investment Fund                          | 111.2                      | 154.6                       | 103.3                     | 0.0                     | 0.0                     | 0.0                     |
| Assembly Reserve                                   | 1.6                        | 0.9                         | 1.1                       | 1.2                     | 1.4                     | 1.5                     |
| General Reserve                                    | 10.0                       | 10.0                        | 10.0                      | 10.0                    | 10.0                    | 10.0                    |
| <b>Closing balances</b>                            | <b>721.2</b>               | <b>707.4</b>                | <b>527.9</b>              | <b>326.5</b>            | <b>317.7</b>            | <b>311.7</b>            |

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## Greater London Authority: London Assembly

- 3.1 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 council tax requirements.
- 3.2 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

- 3.3 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; and
  - overseeing the work of London TravelWatch.

### Revenue expenditure and council tax requirement

- 3.4 The Mayor is proposing that the Assembly's gross expenditure for 2020-21 is £8.4 million and after adjusting for planned transfers to reserves its financing requirement is £8.6 million.
- 3.5 Deducting the retained business rates income results in the Mayor proposing a council tax requirement for the Assembly of £2.6 million in 2020-21. The revenue budget for the Assembly is set out in the table below on an objective basis.
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| <b>Objective analysis</b>      | <b>Revised Budget</b> | <b>Forecast</b> | <b>Budget</b>  | <b>Plan</b>    | <b>Plan</b>    | <b>Plan</b>    |
|--------------------------------|-----------------------|-----------------|----------------|----------------|----------------|----------------|
| <b>Assembly</b>                | <b>2019-20</b>        | <b>2019-20</b>  | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|                                | <b>£m</b>             | <b>£m</b>       | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Assembly Members               | 1.9                   | 1.8             | 1.9            | 1.9            | 2.0            | 2.0            |
| Committee & Member Services    | 3.0                   | 3.0             | 3.1            | 3.2            | 3.3            | 3.4            |
| Scrutiny & External Relations  | 1.8                   | 1.8             | 1.9            | 1.9            | 2.0            | 2.1            |
| Director/Business Support      | 0.2                   | 0.6             | 0.3            | 0.3            | 0.4            | 0.4            |
| London TravelWatch             | 1.0                   | 1.2             | 1.1            | 1.1            | 1.1            | 1.1            |
| <b>Net revenue expenditure</b> | <b>8.0</b>            | <b>8.5</b>      | <b>8.4</b>     | <b>8.6</b>     | <b>8.8</b>     | <b>9.0</b>     |
| Transfer to/from (-) reserves  | -0.2                  | -0.7            | 0.2            | 0.2            | 0.2            | 0.2            |
| Savings to be identified       | 0.0                   | 0.0             | 0.0            | -0.5           | -0.5           | -0.8           |
| <b>Financing requirement</b>   | <b>7.8</b>            | <b>7.8</b>      | <b>8.6</b>     | <b>8.2</b>     | <b>8.4</b>     | <b>8.4</b>     |
| Retained business rates        | 5.2                   | 5.2             | 5.9            | 5.5            | 5.6            | 5.6            |
| <b>Council tax requirement</b> | <b>2.6</b>            | <b>2.6</b>      | <b>2.6</b>     | <b>2.7</b>     | <b>2.7</b>     | <b>2.7</b>     |

### 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 2019-20 is set out below. An explanation of each change is provided in the paragraphs that follow.

| <b>Changes in the council tax requirement</b> | <b>£m</b>  |
|---|------------|
| 2019-20 council tax requirement               | 2.6        |
| <i>Changes due to:</i>                        |            |
| Change in net revenue expenditure             | 0.4        |
| Decrease in use of reserves                   | 0.4        |
| Increase in retained business rates           | -0.7       |
| <b>2020-21 council tax requirement</b>        | <b>2.6</b> |

### Change in net revenue expenditure

- 3.7 The proposed Assembly budget includes a net increase of £0.4 million compared to the 2019-20 revised budget, reflecting increased committee and member service staff pay costs, as well as pressures including London TravelWatch and increased expenditure on Assembly communications.

### Decrease in use of reserves

- 3.8 It is proposed to add to the Assembly Development and Resettlement Reserve in 2020-21 and future years, following the forecast draw-down of £0.7 million in 2019-20. These transfers are to ensure that the overall level of reserves continue to be sufficient to meet the total potential liability arising for the Authority from future changes in Assembly membership and one-off costs, such as those arising from staffing changes.



**Increase in retained business rates**

- 3.9 The Mayor is planning to increase the business rates allocation to the Assembly by £0.7 million in order to fund the increase in expenditure and the net change in the use of reserves planned in 2020-21.

**Future years**

- 3.10 Although the Mayor is proposing an increase in the Assembly's financing requirement in 2020-21 of £0.8 million, he is proposing that the Assembly identifies savings in later years to meet the Mayor's original cash limits set for the Assembly in future years. Leading members of the Assembly have proposed the option of a fundamental review by Members, supported by officers, of the Assembly's future budget position. For example, this might take account of matters such as any changes to the Authority's pay and grading structure and accommodation and could be carried out ahead of next year's budget process.

**Equalities and environmental impact**

- 3.11 There are no specific equalities or environmental impacts arising from the Assembly's budget. The Assembly also scrutinises the Mayor's performance in this regard.
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## 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 sets out the Mayor's strategy for policing and crime reduction over a four-year period from 2020-21 to 2023-24.

### Key deliverables

- 4.2 The Mayor's Police and Crime Plan - A Safer City for all Londoners 2017-21, sets out five top priorities:
- a better police service in London;
  - a better criminal justice service for London;
  - keeping children and young people safe;
  - tackling violence against women and girls; and
  - standing together against hatred, extremism and intolerance.
- 4.3 Furthermore, the Mayor is committed to delivering the MPS transformation programme. The programme, 'One Met Model 2020', 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; and
  - organisational transformation – becoming a flexible and agile organisation.
- 4.4 The Mayor's Violence Reduction Unit (VRU) received £6.8 million of funding in 2019-20, provided by the Mayor, to support the Unit's work, of which £1.8 million was provided for core funding and £5 million to support specific initial projects. Additionally, the VRU was also successful in acquiring £7 million of funding from the Home Office Violent Crime Surge Fund. This investment will build on the initial work of the unit and focus on funding local services and programmes which deliver early interventions to prevent the spread of violence, as well as supporting projects that will help tackle the complex root causes of violence. It is assumed that the Home Office funding of £7 million for the Mayor's VRU will continue in 2020-21, although, at this stage, the Government has only confirmed the overall national total at the same level as in 2019-20. Furthermore, the Mayor is proposing to provide additional funding of £3.2 million in 2020-21 and in future years to the VRU to further develop its programme. No assumptions on Home Office funding for the VRU from 2021-22 onwards are included within this budget.
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**Gross revenue expenditure**

- 4.5 The Mayor is proposing an increase in MOPAC's gross budgeted revenue expenditure of £226.4 million, from £3,585.6 million in the revised budget for 2019-20 to £3,812.0 million in 2020-21. The change compared to the forecast outturn for 2019-20 is £154.3 million. This is principally due to the planned increase in officer numbers.

**Net revenue expenditure and council tax requirement**

- 4.6 After deducting fees, charges, and other income, the use of reserves from MOPAC's gross revenue expenditure the Mayor proposes that MOPAC's financing requirement for 2020-21 will be £3,490.1 million. The Mayor's proposed revenue budget for MOPAC is set out in the table below on an objective basis.

| <b>Objective analysis</b>                    | <b>Revised Budget</b> | <b>Forecast</b> | <b>Budget</b>  | <b>Plan</b>    | <b>Plan</b>    | <b>Plan</b>    |
|--|-----------------------|-----------------|----------------|----------------|----------------|----------------|
| <b>MOPAC</b>                                 | <b>2019-20</b>        | <b>2019-20</b>  | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|  | <b>£m</b>             | <b>£m</b>       | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| <b>Metropolitan Police Service</b>           |                       |                 |                |                |                |                |
| Frontline Policing                           | 1,240.1               | 1,281.0         | 1,297.1        | 1,393.5        | 1,504.6        | 1,543.3        |
| Met Operations                               | 766.6                 | 800.7           | 785.1          | 783.8          | 781.7          | 781.7          |
| Specialist operations                        | 430.9                 | 431.8           | 414.9          | 410.8          | 412.9          | 413.1          |
| Corporate services                           | 526.9                 | 567.9           | 547.6          | 519.8          | 486.8          | 470.5          |
| Professionalism                              | 103.5                 | 104.2           | 107.9          | 109.0          | 114.1          | 116.2          |
| <b>Total business groups</b>                 | <b>3,068.0</b>        | <b>3,185.6</b>  | <b>3,152.6</b> | <b>3,216.9</b> | <b>3,300.1</b> | <b>3,324.8</b> |
| Discretionary pension costs                  | 34.4                  | 34.4            | 34.4           | 34.4           | 34.4           | 34.4           |
| Centrally held                               | 54.1                  | 15.6            | 181.7          | 281.8          | 425.3          | 496.7          |
| Capital financing costs                      | 77.0                  | 69.5            | 98.2           | 254.1          | 171.0          | 123.7          |
| <b>Total corporate budgets</b>               | <b>165.5</b>          | <b>119.5</b>    | <b>314.3</b>   | <b>570.3</b>   | <b>630.7</b>   | <b>654.8</b>   |
| <b>Mayor's Office for Policing and Crime</b> |                       |                 |                |                |                |                |
| Victims Services and Crime Prevention        | 57.9                  | 55.7            | 51.2           | 47.7           | 42.9           | 42.9           |
| Oversight and Accountability                 | 6.8                   | 6.8             | 7.6            | 7.8            | 7.9            | 7.9            |
| Shared audit function                        | 1.5                   | 1.5             | 1.6            | 1.7            | 1.7            | 1.7            |
| <b>Total MOPAC</b>                           | <b>66.2</b>           | <b>64.0</b>     | <b>60.4</b>    | <b>57.2</b>    | <b>52.5</b>    | <b>52.5</b>    |
| Violence Reduction Unit                      | 14.8                  | 14.8            | 14.7           | 5.0            | 5.0            | 5.0            |
| Additional funding required                  | 0.0                   | 0.0             | 0.0            | -286.5         | -446.3         | -479.6         |
| <b>Net revenue expenditure</b>               | <b>3,314.5</b>        | <b>3,383.8</b>  | <b>3,542.0</b> | <b>3,562.8</b> | <b>3,542.1</b> | <b>3,557.5</b> |
| Transfer to/from (-) reserves                | 166.5                 | 145.1           | -51.9          | -109.4         | -76.5          | -7.4           |
| <b>Financing requirement</b>                 | <b>3,481.0</b>        | <b>3,529.0</b>  | <b>3,490.1</b> | <b>3,453.4</b> | <b>3,465.6</b> | <b>3,550.0</b> |
| Specific grants                              | 590.2                 | 638.1           | 580.7          | 573.7          | 573.7          | 573.7          |
| Retained business rates                      | 220.0                 | 220.0           | 95.0           | 35.9           | 36.1           | 95.4           |
| CTax collection fund surplus                 | 18.5                  | 18.5            | 0.0            | 0.0            | 0.0            | 0.0            |
| Home Office Police Grant                     | 1,927.1               | 1,927.1         | 2,059.9        | 2,058.8        | 2,039.1        | 2,041.3        |
| <b>Council tax requirement</b>               | <b>725.2</b>          | <b>725.2</b>    | <b>754.5</b>   | <b>785.0</b>   | <b>816.7</b>   | <b>839.7</b>   |

- 4.7 The Mayor currently proposes an increase in the policing element of the GLA's Band D council tax of £4.85 in 2020-21. Including the impact of forecast council tax base growth, the council tax requirement for MOPAC will increase by £29.3 million to £754.5 million.

### Explanation of budget changes

- 4.8 An analysis of the year on year movement in the Mayor's proposed council tax requirement for MOPAC compared to the revised budget for 2019-20 is set out below. An explanation of each change is provided in the paragraphs that follow.

| Changes in the council tax requirement                              | £m           |
|---|--------------|
| 2019-20 council tax requirement                                     | 725.2        |
| <i>Changes due to:</i>  |              |
| Inflation   | 68.2         |
| Savings and efficiencies  | -2.9         |
| Net change in existing service expenditure                          | 162.2        |
| Change in use of reserves   | -218.5       |
| Net change in Government grants and retained business rates funding | 1.8          |
| Change in council tax collection fund surplus                       | 18.5         |
| <b>2020-21 council tax requirement</b>                              | <b>754.5</b> |

### Inflation

- 4.9 The budget includes a provision for inflation of £68.2 million. This includes an assumed 2 per cent pay increase for officers, staff and PCSOs, although the cost envelope for the 2019-20 pay proposal is 2.5 per cent for police officers only. The full year effect of this in 2020-21 and beyond is factored in.

### Savings and efficiencies

- 4.10 The budget incorporates planned savings and efficiencies of £2.9 million in 2020-21, rising cumulatively to £53.1 million in 2021-22 and £81.1 million in 2022-23. This reflects the fact that significant savings of £877 million have already been made between 2013-14 and 2019-20. The Mayor and the MPS will continue to seek efficiency improvements and savings but given the scale of efficiencies already made, there are fewer easy savings to deliver in the future without impacting on the service provided.

### Net change in service expenditure and income

- 4.11 The budget proposes a £162.2 million net increase in service expenditure and income. This includes a number of drivers, but principally reflects the increase in police officers for the MPS, funded partly by the additional funding made available by the Mayor through retained business rates and partly by the additional funding assumed to be forthcoming from the Government for an uplift in officer numbers. The only significant change to the core MOPAC budget is the new legislation reforming the review of police complaints, which requires that the current function based in MPS is transferred to MOPAC, with a corresponding reduction in MPS expenditure.

**Change in use of reserves**

- 4.12 The net change in use of reserves of £218.5 million compared to the revised 2019-20 budget reflects a planned transfer from reserves in 2020-21 of £51.9 million, compared to a budgeted transfer to reserves of £166.5 million in 2019-20. The 2019-20 figure includes the Mayor's additional allocation of £118.6 million in business rates in 2019-20, which will be held in an earmarked reserve and £59.3 million drawn down annually in 2021-22 and 2022-23, to provide funding for an additional 1,000 officers than would otherwise be affordable.

**Net change in Government grants and retained business rates**

- 4.13 The Mayor is proposing that MOPAC will receive £95.0 million in funding via retained business rates. This is a decrease from 2019-20, when a one-off allocation of £118.6 million in business rates was allocated to MOPAC through an uplift to its reserves to provide up front funding for 1,000 additional police officers for both the 2020-21 and 2021-22 financial years. This reflected the then expectation that from April 2020 business rates growth would be awarded to local authorities by the Government on a two-year time lag. As the Government's planned reforms to the business rates retention system have been delayed until at least 2021-22, MOPAC will not be required to use this additional funding in 2020-21 and instead has been provided with the funding for the 1,000 additional officers through retained business rates income in 2020-21. Funding for MOPAC and VRU programmes is also provided through retained business rates.
- 4.14 In addition, MOPAC is forecast to receive £2,059.9 million of core police grant and £580.7 million specific Government grants, an increase of £123.3 million compared to the 2019-20 revised budget. This includes an assumed £132.8 million funding increase from the Government to fund the cost of recruiting 1,369 additional officers by September 2020, offset by expected reductions in specific grants. The budget also assumes MOPAC will receive £7.0 million in funding from the Home Office for the Violence Reduction Unit in 2020-21. Overall, the total for retained business rates and Government grants is expected to reduce by £1.8 million, comparing the revised budget for 2019-20 to the budget for 2020-21.
- 4.15 For years beyond 2020-21, detailed officer and funding allocations have not yet been made available to police forces by the Government. Therefore, this Budget is based on a net recruitment target of 6,000 officers for London over 3 years, set out by the Commissioner and supported by the Mayor. Whilst sufficient funding is assumed to enable a balanced budget in 2020-21, the costs of the additional officers are shown in later years without any offsetting funding, leading to a significant budget gap in those years.

**Equalities**

- 4.16 Inclusive London, the Mayor's equality, diversity and inclusion strategy, includes a chapter on how the Mayor is helping to make London a safe, healthy and enjoyable city. This chapter includes the Mayor's objectives to reduce the disproportionate impact of crime on children and young people and other groups disproportionately likely to be victims of crime; to reduce differences in groups' perceptions of, and confidence in, policing and the criminal justice system (CJS); and to reduce inequality and disproportionate representation in the CJS.

4.17 Equality Impact Assessments (EIAs) have not yet been undertaken for each of the change proposals that are contained within this budget, but such assessments will be provided within each discrete decision. MOPAC will identify and actively consider potential detrimental impacts (if any) that may arise for individual protected groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken. Those assessments will then be taken into account in its project development process and published as part of the decision-making process.

### **Environmental impact**

4.18 The MPS Environment and Sustainability Strategy 2019-2021 has a series of objectives. These include ensuring compliance with legislation and managing emissions as well as supporting commitments under the London Environment Strategy. Many MOPAC activities contribute to achieving these objectives. Transforming the estate will lead to fewer buildings and greater energy efficiency. The Digital Policing Strategy will reduce the size of data centres and rationalise IT equipment, reducing energy usage. MOPAC will explore options for green energy providers; and is already diverting over 95 per cent of office waste from landfill and aims to increase office waste recycling to the GLA target of a minimum of 65 per cent by 2030. 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 40 protection vehicles, and will ensure the entire fleet is ULEZ compliant by 2023. These exceptions are agreed between the MPS and the Mayor through a Memorandum of Understanding. The fleet currently includes over 500 ultra-low emission vehicles, by 2025, 800 will be zero-emission and from 2025 the MPS will seek to ensure that all new vehicles purchases are hybrid or electric.

### **Reserves**

4.19 At 31 March 2020, MOPAC's general reserves are expected to total £46.6 million, approximately 1.3 per cent of net revenue expenditure and are forecast to remain at the same level in each of the following financial years.

4.20 It is forecast that MOPAC will hold £277.2 million of earmarked reserves at the close of 2020-21; these reserves will be used for a number of specific purposes. In addition to the £118.6 million earmarked reserve to provide funding for an additional 1,000 officers, other earmarked reserves to be drawn down include those used to smooth police officer numbers in the medium-term and to facilitate the MPS transformation programme to replace outdated technology. These drawdowns will bring earmarked reserves down to £83.9 million by the end of 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      | Forecast     | Budget       | Plan         | Plan         | Plan         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2018-19      | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|  | £m           | £m           | £m           | £m           | £m           | £m           |
| Opening balances                           | 201.7        | 230.6        | 375.7        | 323.8        | 214.4        | 137.9        |
| <i>Transfers to/from (-):</i>              |              |              |              |              |              |              |
| Earmarked reserves                         | 28.9         | 145.1        | -51.9        | -109.4       | -76.5        | -7.4         |
| General reserves                           | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Closing balances</b>                    | <b>230.6</b> | <b>375.7</b> | <b>323.8</b> | <b>214.4</b> | <b>137.9</b> | <b>130.5</b> |

4.21 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 2023-24 include funds relating to the Proceeds of Crime Act (POCA), where the usage is subject to a Government approved process to incentivise further POCA activity. Earmarked reserves include insurance reserves, and where funding has been received from third parties (e.g. airports) where the usage depends on decisions that need to be reached with these parties. These amounts are expected to be utilised over the coming four years, 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      | Forecast     | Budget       | Plan         | Plan         | Plan         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2018-19      | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|   | £m           | £m           | £m           | £m           | £m           | £m           |
| Earmarked reserves                      | 184.0        | 329.2        | 277.2        | 167.8        | 91.4         | 83.9         |
| General reserves                        | 46.6         | 46.6         | 46.6         | 46.6         | 46.6         | 46.6         |
| <b>Total</b>                            | <b>230.6</b> | <b>375.7</b> | <b>323.8</b> | <b>214.4</b> | <b>137.9</b> | <b>130.5</b> |

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## 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.
- 5.2 The 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; and
  - 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 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; and
  - 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 £14.0 million, from £472.0 million in the revised LFC budget for 2019-20 to £486.0 million in 2020-21, an increase of 3.0 per cent. The change compared to the forecast outturn for 2019-20 is £12.9 million.

### Net revenue expenditure and council tax requirement

- 5.5 After deducting fees, charges, and other income from LFC's gross revenue expenditure of £486.0 million, the Mayor proposes that its net expenditure for 2020-21 before the use of reserves will be £446.2 million. Its financing requirement will be £432.5 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 2020-21. All of the additional income raised from this increase will be allocated to fire and rescue services. This reflects the need to address the additional funding pressures faced by the Brigade in future years. As a result, the council tax requirement for the LFC increases from £159.2 million in 2019-20 to £168.6 million in 2020-21.
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5.7 The Mayor's proposed revenue budget for LFC is set out in the following table on an objective basis.

| <b>Objective analysis</b>                     | <b>Revised Budget</b> | <b>Forecast</b> | <b>Budget</b>  | <b>Plan</b>    | <b>Plan</b>    | <b>Plan</b>    |
|---|-----------------------|-----------------|----------------|----------------|----------------|----------------|
| <b>London Fire Commissioner</b>               | <b>2019-20</b>        | <b>2019-20</b>  | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|   | <b>£m</b>             | <b>£m</b>       | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Community safety                              | 38.4                  | 38.4            | 40.2           | 40.1           | 40.2           | 40.8           |
| Firefighting and rescue                       | 361.3                 | 361.1           | 372.9          | 377.7          | 383.8          | 389.2          |
| Firefighters' pensions                        | 21.1                  | 21.3            | 21.6           | 22.0           | 22.1           | 22.3           |
| Emergency planning and London Resilience Team | 1.3                   | 1.3             | 1.1            | 1.1            | 1.1            | 1.1            |
| Central services                              | 0.1                   | 0.1             | 0.1            | 0.1            | 0.1            | 0.1            |
| Savings to be identified                      | 0.0                   | 0.0             | 0.0            | -6.9           | -28.9          | -27.1          |
| <b>Net service expenditure</b>                | <b>422.1</b>          | <b>422.1</b>    | <b>436.0</b>   | <b>434.1</b>   | <b>418.4</b>   | <b>426.6</b>   |
| Capital financing costs                       | 9.8                   | 9.4             | 10.7           | 11.8           | 11.8           | 11.8           |
| External interest receipts                    | -0.3                  | -0.8            | -0.5           | -0.5           | -0.5           | -0.5           |
| <b>Net revenue expenditure</b>                | <b>431.6</b>          | <b>430.6</b>    | <b>446.2</b>   | <b>445.4</b>   | <b>429.6</b>   | <b>437.8</b>   |
| Transfer to/from (-) reserves                 | -3.9                  | -2.9            | -13.7          | -26.2          | -1.8           | -0.8           |
| <b>Financing requirement</b>                  | <b>427.7</b>          | <b>427.7</b>    | <b>432.5</b>   | <b>419.1</b>   | <b>427.9</b>   | <b>437.0</b>   |
| Specific grants                               | 35.4                  | 35.4            | 33.2           | 11.5           | 11.5           | 11.5           |
| Retained business rates                       | 233.2                 | 233.2           | 230.7          | 230.7          | 230.7          | 230.7          |
| <b>Council tax requirement</b>                | <b>159.2</b>          | <b>159.2</b>    | <b>168.6</b>   | <b>177.0</b>   | <b>185.7</b>   | <b>194.8</b>   |

### 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 2019-20 is set out below. An explanation of the year on year changes is provided in the paragraphs that follow.

| <b>Changes in the council tax requirement</b>      | <b>£m</b>    |
|--|--------------|
| 2019-20 council tax requirement                    | 159.2        |
| <i>Changes due to:</i>                             |              |
| Inflation  | 10.3         |
| Savings and efficiencies                           | -3.4         |
| Net change in service expenditure and income       | 7.7          |
| Change in use of reserves                          | -9.8         |
| Net Change in Government grants and retained rates | 4.6          |
| <b>2020-21 council tax requirement</b>             | <b>168.6</b> |

**Inflation**

- 5.9 The budget includes a provision for inflation of £10.3 million. This includes £8.9 million of inflation relating to staff pay awards and £1.4 million of contractual inflation.

**Savings and efficiencies**

- 5.10 The budget incorporates planned savings and efficiencies of £3.4 million.

**Net change in service expenditure and income**

- 5.11 The budget proposes a £7.7 million net increase in service expenditure and income. This includes an additional £6.0 million on new initiatives and service improvements, including £3.0 million for new staff and £2.2 million following the independent review of training. In the Mayor's final budget, the LFC budget will be updated to reflect work currently underway to develop the Commissioner's Transformation Programme, including addressing the requirements from the recommendations of the first phase of the Grenfell Tower Inquiry.

**Change in use of reserves**

- 5.12 The budget proposes a net increase in the transfer from reserves of £9.8 million, reflecting the additional use of the budget flexibility reserve.

**Net change in Government grants and retained rates**

- 5.13 The Mayor is proposing a net change in specific grants and retained rates of £4.6 million. This includes the impact of a forecast reduction of £2.2 million in specific government grants compared to 2019-20. Its specific grants include one-off funding from the Home Office to cover additional pension contributions following the 2015 scheme revaluation which is assumed to continue into 2020-21. Specific grant funding is then assumed to reduce to £11.5 million in 2021-22 and remain at this level in future years.

**Equalities**

- 5.14 The new London Fire Brigade (LFB) strategy is underpinned by equality, diversity and inclusion which will be integral in engaging local communities to protect and serve their needs, and to recognise, celebrate and promote the diversity of our work force. LFB is in Year 4 of its 10-year Inclusion Strategy which is being redrafted to reflect the current landscape of legislation, best practise and align with the Mayor's Equality, Diversity and Inclusion Strategy. 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. The equality impact of the budget submission is being considered at a departmental level as well as corporately in relation to the service LFB provides to Londoners and to the staff it employs. The LFB will identify and actively consider potential detrimental impacts (if any) that may arise for individual protected groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken. There are a number of independent EIAs that will be completed where proposals may impact on groups with protected characteristics.

### Environmental impact

5.15 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 proposals include allocations and growth budget proposals that will support the LFC's commitments under the London Environment Strategy. This includes implementing responsible procurement, reducing waste, reducing CO2 emissions, adapting to climate change, improving air quality, and increasing London's green cover. Appendix 10 of the LFC's detailed budget submission sets out the actions taken by LFC to comply with the London Environment Strategy.

### Reserves

5.16 At 31 March 2020, LFC's general reserves are expected to total £15.5 million and are forecast to remain at the same level in each of the following financial years.

5.17 It is forecast that LFC will hold £57.0 million of earmarked reserves at the close of 2019-20; these reserves will reduce to £14.5 million by the end of 2023-24, as the budget flexibility reserve is fully drawn down. The expected movements in reserves over the planning period are set out in the table below.

| <b>Movement in reserves during financial year</b> | <b>Outturn<br/>2018-19<br/>£m</b> | <b>Forecast<br/>2019-20<br/>£m</b> | <b>Budget<br/>2020-21<br/>£m</b> | <b>Plan<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> | <b>Plan<br/>2023-24<br/>£m</b> |
|---|-----------------------------------|------------------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Opening balances                                  | 53.9                              | 75.4                               | 72.6                             | 58.9                           | 32.7                           | 30.9                           |
| <i>Transfers to/from (-):</i>                     |                                   |                                    |                                  |                                |                                |                                |
| Earmarked reserves                                | 12.4                              | 4.8                                | -13.7                            | -26.2                          | -1.8                           | -0.8                           |
| General reserves                                  | 9.2                               | -7.7                               | 0.0                              | 0.0                            | 0.0                            | 0.0                            |
| <b>Closing balances</b>                           | <b>75.4</b>                       | <b>72.6</b>                        | <b>58.9</b>                      | <b>32.7</b>                    | <b>30.9</b>                    | <b>30.1</b>                    |

5.18 The expected total reserves at the end of each financial year are summarised below. The unused earmarked reserves as at the end of 2023-24 include £11.7 million of funding that has been put aside pending the sale of the 8 Albert Embankment site, for return to the GLA and £2.4 million for London Safety Plan Initiatives. These amounts are expected to be utilised over the coming four years, but the exact timing is still to be confirmed. The actual call on these reserves will be reviewed over the planning period.

| <b>Total reserves at end of financial year</b> | <b>Outturn<br/>2018-19<br/>£m</b> | <b>Forecast<br/>2019-20<br/>£m</b> | <b>Budget<br/>2020-21<br/>£m</b> | <b>Plan<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> | <b>Plan<br/>2023-24<br/>£m</b> |
|--|-----------------------------------|------------------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Earmarked reserves                             | 52.2                              | 57.0                               | 43.3                             | 17.1                           | 15.4                           | 14.5                           |
| General reserves                               | 23.2                              | 15.5                               | 15.5                             | 15.5                           | 15.5                           | 15.5                           |
| <b>Total</b>                                   | <b>75.4</b>                       | <b>72.6</b>                        | <b>58.9</b>                      | <b>32.7</b>                    | <b>30.9</b>                    | <b>30.1</b>                    |

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## Transport for London

6.1 Transport for London (TfL) is responsible for the planning, delivery and day-to-day operation of the capital's public transport system, including London's buses, Underground and Overground, the Docklands Light Railway (DLR), Tramlink and London River Services. It is also responsible for managing the congestion charge and ultra-low emission zone, maintaining London's main roads and traffic lights, regulating taxis, making London's transport more accessible and promoting walking and cycling initiatives.

### Key deliverables

6.2 Full details of TfL's priorities are set out in its 2019 Business Plan which will be submitted for approval to its Finance Committee on 18 December 2019. The key deliverables over the next five years include:

- completing the signalling upgrade and increasing capacity by 33 per cent on the Circle, Hammersmith & City, Metropolitan and District lines;
  - delivering refurbished trains on the Central line and new, spacious state-of-the-art trains on the Piccadilly line;
  - continuing the electrification of London buses, already the largest electric fleet in Europe, with more than 2,000 zero emission buses by end of 2024 and all buses zero-emission by 2037 at the latest;
  - working with bus operators to implement its world-leading Bus Safety Standard, including all new buses purchased from August 2019 having Intelligent Speed Assistance as standard;
  - reducing TfL's environmental impact through installing new solar panels on selected Tube, DLR and tram depots to deliver more than 1.1 megawatts of power, and the continued retrofitting of lighting across the network to energy-efficient LEDs. TfL will also be increasing the amount of low-carbon energy supplied to its infrastructure so that more comes from renewable energy sources with an aim for its rail services to be 100 per cent carbon free by 2030;
  - maintaining and upgrading existing core assets across the transport network to provide safe and reliable journeys. This includes replacing rail track to offer customers a smoother, quieter ride, and maintaining escalators and safety-critical technology to keep the system running. New walk-through trains on the Docklands Light Railway (DLR) will be delivered;
  - following a two-year pause, proactive renewal of roads and paving will also take place with a focus on improving walking, cycling and public transport. London's street tree canopy will also be increased every year to help create more green places and clean the cities air;
  - supporting Crossrail Limited in the remaining and complex technical work necessary to allow the Elizabeth line to open. In the meantime, from 15 December, TfL Rail began running services to Reading from Paddington, with direct services between Heathrow and Paddington beginning in spring 2020. The central section of the Elizabeth line will open as soon as practically possible in 2021;
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- helping to further clean up London's toxic air by tightening the Low Emission Zone standards in October 2020 and, in October 2021, expanding the successful central London ULEZ - the toughest air quality standard of any city in the world - to cover all roads within the North and South Circular;
- working with boroughs, investing in new high-quality cycle routes across and working with local communities to improve high streets, making them accessible to everyone. Delivering these schemes forms part of TfL's commitment to Vision Zero, which aims to eliminate death and serious injury from London's roads by 2041;
- delivering 10,000 homes and two million square feet of commercial floor space across London.
- introducing new services on the Northern line extension to Battersea and the Barking Riverside extension on the London Overground;
- continuing to allocate the same level of funding through the Local Implementation Plan programme to boroughs to deliver Healthy Streets changes; and
- continuing to invest in the Liveable Neighbourhoods programme which gives boroughs the opportunity to bid for funding for long-term schemes that encourage walking, cycling and the use of public transport, building on the £86 million already awarded to 18 Liveable Neighbourhood projects across London.

### **Gross revenue expenditure**

- 6.3 Gross revenue expenditure in 2020-21 will increase by £103.0 million compared to TfL's latest forecast for 2019-20, predominantly due to the introduction of new services on the London Overground and the expansion of the TfL Rail network.

### **Net revenue expenditure and council tax requirement**

- 6.4 After deducting passenger and commercial income, fees, charges, other income and its planned use of reserves, the Mayor proposes that TfL's net service expenditure for 2020-21 is £937.2 million. An analysis of the revenue budget by service area is summarised overleaf.
- 6.5 The Mayor is proposing that TfL's council tax requirement for 2020-21 remains at £6.0 million. The balance of its net revenue expenditure is financed by £968.2 million of resources allocated by the Mayor through retained business rates income. TfL is increasingly covering its operating costs from fares and other income and has set the financial objective of breaking-even on the cost of day-to-day operations, which includes renewing and maintaining the network and covering the cost of financing, in 2022-23.
- 6.6 Passenger demand had been growing in the first half of 2019-20 owing to improved passenger journeys on the Underground and a lower than anticipated decline on buses. TfL has reflected these trends in the projections for 2019-20, which show passenger income 2.5 per cent higher than the revised 2019-20 budget. Passenger income is forecasted to increase by 3 per cent in 2020-21 compared to the forecast outturn for 2019-20. However, the delay in the opening of the Elizabeth line means the uplift in passenger income from it will begin later than previously modelled.



- 6.7 Although TfL passenger income is forecast to grow over the plan years by 25 per cent from 2020-21 to 2023-24, these levels reflect demand forecasts based on a worse case economic scenario. The uncertain macroeconomic environment and the additional costs of operating the Elizabeth line make it even more difficult than usual to forecast beyond the next two years. This Budget maintains the Mayor's freeze on TfL fares until 2020. From January 2021, TfL's plan assumes that fares rise by around the retail price index plus one per cent, to support vital investment in public transport. This is only a business planning assumption by TfL as fares are set by the Mayor on an annual basis.

### Explanation of budget changes

- 6.8 An analysis of the year-on-year movements in the council tax requirement compared to the revised budget for 2019-20 is set out below. An explanation of each change is provided in the paragraphs that follow.

| Changes in the council tax requirement            | £m         |
|---|------------|
| 2019-20 council tax requirement                   | 6.0        |
| <i>Changes due to:</i>                            |            |
| Inflation   | 158.0      |
| Savings   | -133.4     |
| Passenger and commercial revenue and other income | -294.1     |
| Net change in service expenditure                 | 183.4      |
| Government and other revenue funding              | 86.1       |
| <b>2020-21 council tax requirement</b>            | <b>6.0</b> |

### Inflation

- 6.9 The Budget proposes TfL's net costs will increase by £158.0 million as a result of inflation; this represents 2.4 per cent of operating costs. TfL's savings programme aims to offset the impact of inflation as far as possible.

### Savings and efficiencies

- 6.10 The total savings and efficiencies which have been identified by TfL for 2020-21, totalling £133.4 million are summarised below. The figures are presented on an incremental basis and do not include any savings still to be identified:

- London Underground will deliver additional savings of £86.8 million in 2020-21 through their modernisation plan. This principally focuses on supply chain initiatives;
- Surface Transport will deliver £29.6 million of new incremental savings in 2020-21 by re-focusing the bus network on areas of greatest demand, with more services in Outer London, re-tendering and re-negotiation of operators' contracts; and commercial optimisation on smaller contracts; and

- Corporate and Commercial Development will deliver new savings of £17.0 million in 2020-21 by establishing a single Business Services function, which brings together operational activity from both Finance and Human Resources and consolidating head office accommodation, vacating older buildings and co-locating staff.

### **Passenger and commercial revenue and other income**

- 6.11 Passenger, commercial and other income (including interest income) is forecast to increase by £294.1 million (£26.7 million relating to the Elizabeth line regulatory track charges), from £5,868.6 million in 2019-20 revised TfL budget to £6,162.7 million in 2020-21. So far in 2019-20 demand performance on London Underground has been better than expected and Bus demand, whilst still in decline, reduced less than anticipated. These improvements are reflected in the 2020-21 projections alongside increases from the new TfL Rail route from Paddington to Reading from December 2019. The economic outlook, however, presents significant downside risks, and TfL is therefore maintaining a cautious approach basing the plan for all transport modes on HM Treasury's 'worst case' forecast.
- 6.12 The Mayor announced an overall freeze on TfL fares to 2020. Single bus fares, single pay as you go fares on the Tube and DLR and Santander cycle hire charges will be held at prices set in 2016.
- 6.13 TfL has a comprehensive range of travel concessions, providing more than £300 million of free travel every year to children, people over 60, those on income support and other socially disadvantaged groups. Alongside the Mayor's freeze on TfL fares and the introduction of the Hopper fare, these ensure people can move around London whoever they are, and whatever their circumstances. In early 2020, TfL propose to replace the £5 refundable Oyster card deposit with a £5 fee. This will only affect cards issued after this time and will help reduce the number of cards that are returned after a few days or weeks. Customers who still use the card after a year will receive £5 'pay as you go' credit, essentially making their card free.
- 6.14 Earlier this year, TfL introduced an annual renewal process for the 60+ Oyster card to reduce the risk of misuse. The £10 renewal fee, which is in addition to the £20 one-off application fee, applies to cardholders who register for the scheme from 1 August 2019. This means the first renewal fees will be due from 1 August 2020. The fee will not apply to cardholders who benefited from the scheme before 1 August 2019. The fee contributes to the running costs of the scheme.

### **Net change in operating expenditure**

- 6.15 The net change in operating expenditure, excluding inflation and savings, but including the movement in revenue resources used to support capital and debt servicing, is an increase of £183.4 million. This includes £26.7 million of Elizabeth line track charges, and an increase in debt financing costs of £11.7 million. This also includes £47.4 million of operating expenditure due to increased services running on the Elizabeth line.



**Other revenue grants and business rates**

- 6.16 Overall income from other grants and business rates will decrease by £86.1 million in 2020-21 compared to the revised 2019-20 budget. This is due to a one-off allocation received from the Mayor in 2019-20 to fund air quality priorities of £60.0 million, £13.0 million of other specific air quality grants and the Government's London Overground grant of £27.0 million both ceasing. This is partially offset by an increase in retained business rates of £13.9 million.

**Equalities**

- 6.17 TfL's Business Plan is underpinned by a new Action on Inclusion strategy (to be published in 2020), which builds on existing customer facing work on:
- accessibility to focus more on creating spaces and places that work better for everyone through inclusive design;
  - step-free access to more fully consider the other barriers experienced by disabled people e.g. signage, lighting, consistency, predictability and legibility;
  - modal accessibility to focus more on end-to-end journeys;
  - accessibility to adopt an inclusive approach that helps overcome the barriers known to deter many other minority groups like crime, fear of crime, anti-social behaviour, overcrowding, safety, and affordability; and
  - accessible journeys to thinking more about connectivity and inclusive city planning - tackling one of the biggest barriers for many Londoners of poverty and inequality.
- 6.18 The Business Plan will be delivered in line with TfL's new approach to workforce diversity and inclusion issues. Maturing TfL's approach in this area will also include focusing on diversity of thought, background and experience as well as continuing to address issues of under representation, inequality and discrimination. Prioritisation of actions to create more inclusive cultures will benefit everyone, for example by honing more inclusive leadership behaviours through the new leadership foundation.
- 6.19 The TfL Scorecard approach provides measures for tracking progress against this vision. TfL will also continue to report against their work through its Annual Diversity and Inclusion Impact Report, Gender and Ethnicity Pay Gap Reports, the GLA Diversity and Inclusion Action Standard and through the Mayor's Annual Equality Report.
- 6.20 TfL's Business Plan includes a number of projects and programmes, which aim to achieve the goals set out in Action on Equality and the Mayor's Transport Strategy (MTS) and comply with the PSED. Each of the individual projects and programmes will be subject to their own equality impact assessment. The implementation of the Business Plan will help to reduce the number of barriers that can be experienced by Londoners when planning or making a journey.
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**Environmental impact**

- 6.21 TfL are investing in initiatives to reduce emissions of air pollutants and greenhouse gases from transport in London. TfL are also undertaking actions to increase the resilience of transport in London to the impacts of climate change and deliver increased green infrastructure across the transport network.
- 6.22 The Ultra Low Emission Zone (ULEZ) began in central London in April 2019 and has had a significant impact on air quality in its initial months of operation. It will be expanded to an area bounded by the North and South Circular roads, in 2021. TfL will implement the infrastructure to support the expansion of the ULEZ, which will require all vehicles to meet minimum emissions standards to travel in the zone or pay a daily charge. TfL will strengthen the Low Emission Zone (LEZ) standards for heavy vehicles in October 2020. This will require all eligible vehicles to meet stricter standards to travel in the zone or pay a daily charge.
- 6.23 TfL are committed to reducing air pollution from the bus fleet. By 2020, the entire fleet will meet the ultra-clean Euro VI engine emissions standard. London now has the largest electric bus fleet in Europe; and will introduce more zero-emission buses over the budget period as part of the Mayor's commitment to a fully zero-emission bus fleet. Vehicles in the support fleet will be converted to Ultra Low Emission Vehicles, in line with commitments in the London Environment Strategy (LES) for vehicles in the GLA Group fleet.
- 6.24 TfL will continue to assist taxi drivers in making the transition to cleaner vehicles, through de-licensing payments, new vehicle grants and providing the electric charging infrastructure to enable mass uptake, helping to reduce harmful NOx emissions from taxis. These taxis will support the introduction of Zero Emission Zones. To support the growing number of Zero Emission Capable (ZEC) taxis, and the take-up of electric vehicles, TfL are continuing to invest in a network of Rapid Charge Points across London and 300 Rapid Charge Points will have been installed by December 2020.
- 6.25 TfL will reduce operational carbon emissions to meet the carbon budgets set out in the LES, through measures to improve energy efficiency and install new renewable generation on their estate. To meet the ambition of TfL rail services being zero carbon by 2030, the energy procurement strategy is being reviewed with a view to purchasing energy from new, renewable sources.
- 6.26 TfL will continue to support achievement of the Mayor's target for London to be at least 50 per cent green cover by 2050, by incorporating green infrastructure into Healthy Streets schemes, and as part of the Liveable Neighbourhoods programme. TfL will seek to meet the MTS requirement of a one per cent annual increase in street tree numbers on the Transport for London Road Network as part of maintenance activities on the network.
- 6.27 TfL supports the LES commitment to reduce single use plastic. Targets in this area have been added to our Head Office Catering and Operational Catering contracts. Reusable water bottles are part of the kit available to London Underground frontline station employees and are set to replace all plastic cups in stations. TfL is installing drinking water fountains at a number of its stations and will ensure water fountains will be included in future station upgrade projects.
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### Reserves

- 6.28 At 31 March 2020, general reserves are expected to total £150.0 million and are forecast to increase to £500 million in 2020-21 and remain at the same level in each of the following financial years.
- 6.29 It is forecast that TfL will hold £1,131.2 million of earmarked reserves at the close of 2020-21; these reserves will rise to £1,653.5 million by the end of 2023-24. Earmarked reserves have been established to finance future projects, consistent with TfL's approved Business Plan. The general fund is maintained to ensure liquidity and protect from short-term fluctuations in cash requirements.
- 6.30 The expected movements in reserves over the planning period are set out in the table below.

| Movement in reserves during financial year | Outturn        | Forecast       | Budget         | Plan           | Plan           | Plan           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2019-20        | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
|  | £m             | £m             | £m             | £m             | £m             | £m             |
| Opening balances                           | 1,098.6        | 1,606.5        | 1,768.2        | 1,631.2        | 1,417.7        | 1,983.8        |
| <i>Transfers to/from (-):</i>              |                |                |                |                |                |                |
| Earmarked reserves                         | 507.9          | 161.7          | -487.0         | -213.5         | 566.1          | 169.7          |
| General reserves                           | 0.0            | 0.0            | 350.0          | 0.0            | 0.0            | 0.0            |
| <b>Closing balances</b>                    | <b>1,606.5</b> | <b>1,768.2</b> | <b>1,631.2</b> | <b>1,417.7</b> | <b>1,983.8</b> | <b>2,153.5</b> |

- 6.31 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 2023-24 include funding that is being put aside for TfL's Investment Programme.

| Total reserves at end of financial year | Outturn        | Forecast       | Budget         | Plan           | Plan           | Plan           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2019-20        | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
|   | £m             | £m             | £m             | £m             | £m             | £m             |
| Earmarked reserves                      | 1,456.5        | 1,618.2        | 1,131.2        | 917.7          | 1,483.8        | 1,653.5        |
| General reserves                        | 150.0          | 150.0          | 500.0          | 500.0          | 500.0          | 500.0          |
| <b>Total</b>                            | <b>1,606.5</b> | <b>1,768.2</b> | <b>1,631.2</b> | <b>1,417.7</b> | <b>1,983.8</b> | <b>2,153.5</b> |

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## London Legacy Development Corporation

- 7.1 The London Legacy Development Corporation ('the Legacy Corporation' or LLDC) is responsible for promoting and delivering physical, social, economic and environmental regeneration in the Queen Elizabeth Olympic Park (QEOP) and surrounding area. In particular, the Legacy Corporation aims to maximise the legacy of the 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, the Legacy Corporation has delivered the transformation of the Park and venues from their Olympic to their legacy configuration. The Corporation 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 education 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 2020-21 the LLDC's revenue and capital budgets will be deployed to deliver the following objectives:
- continuing East Wick and Sweetwater phase 1 and Chobham Manor phase 3, on schedule to complete in 2021-22;
  - selecting the developer for Stratford Waterfront and Bridgewater residential development;
  - commencing masterplanning and agreeing the delivery approach for Rick Roberts Way with London Borough of Newham and the GLA;
  - completing 3 Mills river walls repair work;
  - achieving an estimated 6.2 million visitors to the Park in the context of less event space and more construction work;
  - managing and maintaining the quality of the Park and venues, including retaining Green Flag status;
  - supporting the safe delivery of summer concerts, music festivals and sporting events;
  - continuing Stadium operations including football, summer athletics and major league baseball;
  - continuing construction of East Bank Stratford Waterfront cultural and educational buildings to programme;
  - working towards improved financial sustainability of the Stadium; and
  - progressing LLDC's transition strategy.
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**Gross revenue expenditure**

- 7.4 Gross revenue expenditure in 2020-21 is budgeted to be £65.7 million including estimated capital financing costs of £13.0 million and Stadium costs of £16.6 million, £52.7 million net of financing costs.
- 7.5 Gross revenue expenditure has increased by £19.2 million from the 2019-20 revised budget, of which £16.6 million relates to the Stadium's operation (previously included in the capital budget). The remaining £2.6 million relates to financing costs (£1.9 million), which are driven by LLDC's level of borrowings, and a net increase across LLDC's other directorates (£0.7 million), including an additional £1.0 million of expenditure at 3 Mills Studios (offset by a corresponding increase in income). The change in the LLDC's gross revenue expenditure compared to the forecast 2019-20 outturn is £2.7 million.

**Net revenue budget and council tax requirement**

- 7.6 Net revenue expenditure in 2020-21 is budgeted to be £50.5 million or £37.5 million net of financing costs.
- 7.7 Net revenue expenditure (excluding changes in Stadium and financing costs) has decreased by £1.2 million from the 2019-20 revised budget. The revenue budget is summarised on an objective basis in the table overleaf.

**Explanation of budget changes**

- 7.8 Changes to the LLDC's budget predominantly reflect the changing scope of the organisation's work as the Corporation matures, the cost of managing the Park and venues and the resources to manage the business, alongside targeted savings and efficiencies.
- 7.9 An analysis of the year on year movement in the council tax requirement is set out below.

| <b>Changes in the council tax requirement</b> | <b>£m</b>  |
|---|------------|
| 2019-20 council tax requirement               | 0.0        |
| Changes due to:                               |            |
| Inflation                                     | 0.5        |
| Savings and efficiencies                      | -2.0       |
| Net change in existing service expenditure    | 18.8       |
| Net change in GLA funding                     | -17.3      |
| <b>2020-21 council tax requirement</b>        | <b>0.0</b> |

| <b>Objective analysis</b>               | <b>Revised Budget</b> | <b>Forecast Outturn</b> | <b>Budget</b>  | <b>Plan</b>    | <b>Plan</b>    | <b>Plan</b>    |
|---|-----------------------|-------------------------|----------------|----------------|----------------|----------------|
| <b>LLDC</b>                             | <b>2019-20</b>        | <b>2019-20</b>          | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|   | <b>£m</b>             | <b>£m</b>               | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Park Operations and Venues              | 9.0                   | 9.0                     | 9.6            | 9.6            | 10.1           | 10.3           |
| Trading                                 | 8.9                   | 9.0                     | 9.9            | 9.8            | 9.9            | 10.5           |
| Developments                            | 0.1                   | 0.1                     | 0.1            | 0.1            | 0.1            | 0.1            |
| Regeneration                            | 3.3                   | 2.6                     | 2.4            | 2.4            | 2.4            | 2.4            |
| Corporate                               | 10.5                  | 10.2                    | 10.4           | 10.4           | 10.8           | 11.0           |
| Planning Authority                      | 2.5                   | 3.4                     | 3.1            | 2.6            | 2.3            | 2.3            |
| Stadium                                 | 0.0                   | 17.5                    | 16.6           | 11.3           | 11.1           | 10.8           |
| Irrecoverable VAT and contingency       | 1.0                   | 0.6                     | 0.6            | 0.5            | 0.5            | 0.4            |
| Financing costs                         | 11.1                  | 10.5                    | 13.0           | 15.1           | 15.6           | 15.5           |
| Income/savings to be identified         | 0.0                   | 0.0                     | 0.0            | -2.1           | -1.8           | -1.8           |
| <b>Total expenditure</b>                | <b>46.5</b>           | <b>63.0</b>             | <b>65.7</b>    | <b>59.7</b>    | <b>60.9</b>    | <b>61.4</b>    |
| Park Operations and Venues              | -3.8                  | -3.5                    | -3.9           | -4.3           | -6.2           | -7.2           |
| Trading                                 | -7.5                  | -7.6                    | -9.0           | -9.8           | -9.6           | -9.4           |
| Developments                            | -0.1                  | -0.1                    | -0.2           | -0.5           | -1.0           | -1.3           |
| Regeneration                            | 0.0                   | 0.0                     | -0.1           | -0.1           | -0.1           | -0.1           |
| Corporate                               | -0.3                  | -0.3                    | -0.4           | -0.2           | -0.2           | -0.2           |
| Planning Authority                      | -1.6                  | -2.5                    | -1.6           | -1.4           | -1.1           | -1.0           |
| <b>Total income</b>                     | <b>-13.3</b>          | <b>-14.0</b>            | <b>-15.2</b>   | <b>-16.3</b>   | <b>-18.2</b>   | <b>-19.2</b>   |
| <b>Net expenditure</b>                  | <b>33.1</b>           | <b>48.9</b>             | <b>50.5</b>    | <b>43.4</b>    | <b>42.6</b>    | <b>42.2</b>    |
| Retained business rates                 | 16.8                  | 34.3                    | 32.6           | 27.3           | 27.1           | 26.8           |
| Mayoral Development Corporation Reserve | 5.2                   | 4.1                     | 4.9            | 1.0            | 0.0            | 0.0            |
| GLA funding for financing costs         | 11.1                  | 10.5                    | 13.0           | 15.1           | 15.6           | 15.5           |
| <b>Council tax requirement</b>          | <b>0.0</b>            | <b>0.0</b>              | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     |

### **Inflation**

7.10 This is estimated at £0.5 million and is mainly due to the inflationary uplift on the Estates and Facilities Management contract and pay inflation on the salary budget.

### **Savings and efficiencies**

7.11 The budget incorporates planned change in savings and efficiencies of £2.0 million.

7.12 The budget currently reflects a total funding gap of £2.1 million in 2021-22, for which LLDC will need to identify additional savings and efficiencies, or source additional funding.

**Net change in existing service expenditure**

- 7.13 The budget proposes a £18.8 million increase in service expenditure and income (before savings and efficiencies, and inflation); however, this includes £16.6 million relating to Stadium expenditure, previously budgeted for as capital spending and £1.9 million for additional capital financing costs. Excluding these, there is an underlying net year-on-year increase of £0.3 million.

**Change in GLA funding**

- 7.14 The LLDC receives its revenue funding via the GLA, paid from retained business rates and funds held in the Mayoral Development Corporation Reserve. Retained business rates are also allocated to fund Stadium expenditure (previously funded from capital funding sources).
- 7.15 The LLDC's reserves have been subsumed into the GLA's earmarked reserves. The GLA will fund historic aggregate underspends carried forward of up to £5.9 million, held in the Mayoral Development Corporation reserve.

**Equalities**

- 7.16 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'. Its 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.'
- 7.17 The 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; and
  - create a global, future-ready exemplar for the promotion of cross-sector innovation in technology, sustainability, education, culture, sport, inclusion and participation.
- 7.18 In addition, the LLDC is promoting equality by putting in place arrangements to create more affordable housing within the residential developments around the Park.

**Environmental impact**

- 7.19 The Legacy Corporation's policy is that the Park will use the best of the 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. The LLDC commits to implementing the new London Plan environmental policies.
- 7.20 The Park was conceived as an environmental showcase and will continue to strive for environmental excellence. The Corporation has set a wide range of environmental performance measures and publishes an annual sustainability report.

- 7.21 LLDC supports the efficient and effective delivery of the London Environment Strategy; delivered by ensuring that Mayoral targets are met by planning, procuring and project managing the sustainability elements of developments over which LLDC has influence. This includes providing sustainability-related input to the East Bank development, related to carbon emissions (in-use and embodied), water consumption and efficient use of materials and supply chain management.
- 7.22 In addition, the LLDC's budget for activities promoting environmental sustainability supports the implementation of the London Environment Strategy across the Park's operation and development. This includes implementing responsible procurement, reducing CO2 emissions (including specific actions within its operations as well as through the deployment of LLDC's Carbon Offset Fund), reducing waste and supporting the development of a circular economy, adapting to climate change, improving air quality, and increasing London's green cover and biodiversity.

### **Reserves**

- 7.23 As stated previously, historic LLDC reserves have been subsumed into the GLA. The GLA will provide additional funding in lieu of these, including an estimated £5.9 million of cumulative underspend carried forward in 2020-21. The reserves (held by the GLA on behalf of LLDC) phase out over time, with LLDC fully reliant on funding from retained business rates in the future years. There are sufficient reserves and grant funding to balance LLDC's requirements for 2020-21. However, revenue gaps in the following three years will need to be addressed to reduce the funding requirement to the ongoing core retained business rates allocation of £16.0 million per year (excluding Stadium revenue grant and grant funded financing costs).
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## Old Oak and Park Royal Development Corporation

- 8.1 OPDC is the Mayoral Development Corporation (MDC) for the Old Oak and Park Royal area. It came into operation on 1 April 2015 to deliver the strategic regeneration opportunity provided by 134 hectares of brownfield land close to central London, creating an exemplar sustainable and inclusive community.
  - 8.2 The new Old Oak Common station will be the UK's largest ever sub-surface station and will be the largest station to be built in the country in a century. When it opens (currently programmed for 2028) transport connectivity between Old Oak and Central London, Heathrow and the wider UK will be outstanding, offering an interchange between HS2, the Elizabeth line and Great Western services. The Old Oak and Park Royal Development Corporation (OPDC) will utilise its planning and regeneration powers to ensure that these benefits are captured and maximised to deliver much-needed homes, jobs and facilities.
  - 8.3 This draft budget submission has been prepared in the context of recent external factors facing the OPDC, including the Government's ongoing review of HS2, the Planning Inspector's interim report on OPDC's draft Local Plan and continuing discussions with MHCLG over early phase funding for the regeneration of Old Oak.
  - 8.4 Taking account of these factors, and the recent detailed land referencing exercise undertaken with local businesses and landowners, OPDC has determined that a revised phasing of their plans for Old Oak is required. This is to involve a shift away from OPDC's proposed early delivery of 'Phase 1A' at Old Oak North, and towards a combination of early delivery sites where development can be accelerated because associated infrastructure already exists, alongside a more strategic scale of regeneration for the extensive sites to the north and west of the proposed HS2 interchange at Old Oak. Most of these are in public ownership, mainly Network Rail and HS2, and OPDC will be working closely with both of these agencies in the coming period to scope their plans for bringing forward a co-ordinated and deliverable plan for major regeneration.
  - 8.5 As part of this review, OPDC are no longer currently seeking to acquire land in the ownership of Cargiant (the principal landowner in Old Oak North) and consequently will work with MHCLG and Homes England to explore the potential for alternative support for their new phasing approach. OPDC has taken a prudent view of the necessary costs for the coming year, as a consequence of which it is proposed to scale back expenditure to reflect a revised phasing plan. Accordingly, the draft budget shows a reduction of £1.9 million compared to overall Mayoral funding total for OPDC outlined in the Mayor's Budget Guidance issued in June 2019.
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8.6 OPDC's 2020-21 submission includes the costs of administering their existing statutory planning functions, which span 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; support to enable OPDC to work with investors and landowners to bring forward innovative early development sites; and support for the development of new proposals, in collaboration with HS2 and Network Rail, with a view to bringing forward major proposals later in 2020.

### **Key deliverables**

8.7 The key deliverables for 2020-21 are as follows:

- Accelerated early delivery: working with landowners and investors to unlock a range of sites for residential and employment uses where major infrastructure is not required;
- Strategic regeneration: working with HS2, Network Rail and borough partners; identify and bring forward proposals for the largely public sector owned 'western' land for major redevelopment. The workstreams include the development of a clear vision and strategy, alongside a feasibility study and funding proposal to support an implementation plan;
- Early activation: a range of proposals to deliver improvements to public realm, local infrastructure and community amenities in the OPDC area that upgrade local facilities and support long-term value creation;
- Park Royal: OPDC is delivering projects in Park Royal next year such as improving digital infrastructure, setting up the Employment and Skills Hub and improving the public realm. Some projects will commence during the course of the year but are dependent on securing external funding, for instance transport network improvements to be resourced by a bid to the TfL Liveable Neighbourhoods fund. Other projects such as Clean Growth and 5G are currently in the development/planning phase;
- Local Plan: progression and adoption of OPDC's Local Plan, providing a series of robust planning policies to guide future development, along with Supplementary Planning Documents (SPDs) which will provide guidance to support the successful implementation of OPDC's Local Plan policies; and
- Planning applications: the timely consideration and determination of planning applications and an effective pre-application process that improves outcomes which support a high-quality of development, with better design, and greater levels of affordable housing and social infrastructure.

### **Gross revenue and capital expenditure**

8.8 The Mayor's proposed gross revenue expenditure for the OPDC in 2020-21 is £8.6 million.

### **Net revenue budget and council tax requirement**

8.9 The table overleaf sets out the proposed budget for OPDC on an objective basis.

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| Objective analysis                      | Revised Budget | Forecast Outturn | Budget      | Plan        | Plan        | Plan        |
|---|----------------|------------------|-------------|-------------|-------------|-------------|
| OPDC                                    | 2019-20        | 2019-20          | 2020-21     | 2021-22     | 2022-23     | 2023-24     |
|   | £m             | £m               | £m          | £m          | £m          | £m          |
| CEO Office                              | 1.0            | 0.9              | 0.8         | 0.8         | 0.8         | 0.8         |
| Delivery                                | 6.0            | 5.5              | 2.4         | 1.9         | 1.9         | 1.9         |
| Planning                                | 2.8            | 2.6              | 1.9         | 1.9         | 1.9         | 1.9         |
| Corporate Operations                    | 3.1            | 2.9              | 3.5         | 3.5         | 3.5         | 3.5         |
| <b>Total expenditure</b>                | <b>12.9</b>    | <b>11.9</b>      | <b>8.6</b>  | <b>8.1</b>  | <b>8.1</b>  | <b>8.1</b>  |
| Planning application income             | -0.3           | -0.2             | -0.3        | -0.3        | -0.3        | -0.3        |
| Other Income                            | -0.8           | -0.8             | -0.5        | 0.0         | 0.0         | 0.0         |
| <b>Total income</b>                     | <b>-1.1</b>    | <b>-1.0</b>      | <b>-0.8</b> | <b>-0.3</b> | <b>-0.3</b> | <b>-0.3</b> |
| <b>Net expenditure</b>                  | <b>11.8</b>    | <b>10.9</b>      | <b>7.8</b>  | <b>7.8</b>  | <b>7.8</b>  | <b>7.8</b>  |
| Business rates                          | 9.5            | 9.5              | 7.8         | 7.8         | 7.8         | 7.8         |
| Mayoral Development Corporation Reserve | 2.3            | 1.4              | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Council tax requirement</b>          | <b>0.0</b>     | <b>0.0</b>       | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  |

### Explanation of budget changes

- 8.10 An analysis of the year-on-year movement in the council tax requirement, comparing the revised 2019-20 budget to the proposed 2020-21 budget, is set out below.

| Changes in the council tax requirement   | £m         |
|--|------------|
| 2019-20 council tax requirement          | 0.0        |
| <i>Changes due to:</i>                   |            |
| Inflation                                | 0.1        |
| Savings and efficiencies                 | -3.1       |
| New initiatives and service improvements | 0.0        |
| Net change in GLA funding                | 3.1        |
| <b>2020-21 council tax requirement</b>   | <b>0.0</b> |

### Inflation

- 8.11 The budget includes a provision for inflation of £0.1 million. This reflects the expected pay award in 2020-21.

### Savings and efficiencies

- 8.12 The budget incorporates planned savings and efficiencies of £3.1 million. This reflects a revised phasing plan for Old Oak in 2020-21, towards a combination of early delivery sites where development can be accelerated.

**Net change in GLA funding**

- 8.13 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 reduce by £3.1 million in 2020-21, compared to the revised 2019-20 budget.

**Equalities**

- 8.14 Equality for all is at the centre of the corporate strategy of the OPDC, which is to improve lives through employability, improved homes and exemplar neighbourhoods. OPDC's corporate strategy is being reviewed, for consideration by its Board in spring 2020. The OPDC's approach to inclusion is set out in Inclusive London, the Mayor's equality, diversity and inclusion 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. OPDC's Local Plan recognises the importance of this and seeks to deliver 'Lifetime Neighbourhoods' with inclusive design at the heart of development. OPDC is allocating funding for a range of investment, policies and programmes to positively impact equalities outcomes.
- 8.16 The OPDC is committed to creating a diverse and inclusive workforce through measures such as the development of a clear action plan to achieve the objective and monitoring, analysing and publishing workforce equalities data. OPDC also promotes regeneration and community engagement through measures such as providing training and skills development for residents and businesses; developing volunteering and mentoring opportunities for residents and communities; and reducing the impact of health inequalities by maximising health and sports facilities in the development area.

**Environmental impact**

- 8.17 OPDC's draft Local Plan includes a range of environmental planning policies that will support the Mayor's target for London to become a zero-carbon city by 2050. This includes policies requiring developments to be air quality and biodiversity positive, reduce and re-use waste materials, minimise energy and source any energy generation needs from low carbon sources, in accordance with the Mayor's Energy Hierarchy. OPDC is developing planning guidance to support the implementation of these policies.
- 8.18 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. Sustainable transport will be embedded at the heart of the future masterplan, with a redesigned and improved local bus network, and a significantly transformed road network. The OPDC commits to implementing the new London Plan environmental policies.
- 8.19 Through its expanded programme for Park Royal, OPDC will be working to develop strategies and pilot implementation of low carbon technologies suitable to support Park Royal's development and reduce its environmental impact. This includes delivering a photovoltaic electricity pilot, working with TfL to implement vehicle charging points and looking for further opportunities to support investment in low carbon generation and energy storage technology on the estate.

8.20 As a member of the GLA Group, OPDC supports the measures in the London Environment Strategy, such as increasing access to tap water, reducing emissions (including through installation of solar), improving OPDC's climate resilience through green infrastructure and sustainable drainage, and reducing the OPDC's waste and increasing recycling rates.

**Reserves**

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

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## Capital Strategy including Capital Spending Plan

- 9.1 The Mayor is required to prepare a Capital Strategy for the GLA and its functional bodies. This Strategy sets out a detailed Capital Spending Plan every year for the five years from 2019-20 and then an indicative high-level capital plan for a further fifteen years.
- 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.
- 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 processes, 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 Mayor is required to prepare a Capital Spending Plan (CSP) 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 under the Local Government Act 2003 to set the borrowing limits for the GLA and functional bodies following consultation with the Assembly the proposals for which are set out in Appendices A to E for the GLA and each relevant functional body.
- 9.5 The table below summarises the Mayor's draft Capital Spending Plan (CSP) to 2023-24. Overall the GLA Group will be investing slightly less in 2020-21 than in 2019-20. The majority of this year on year change reflects the impact of the GLA's additional contribution to Crossrail, agreed in December 2018, reducing in 2020-21.

| <b>Summary of the capital plan 2019-20 to 2023-24</b> | <b>2019-20<br/>Forecast<br/>£m</b> | <b>2020-21<br/>Plan<br/>£m</b> | <b>2021-22<br/>Plan<br/>£m</b> | <b>2022-23<br/>Plan<br/>£m</b> | <b>2023-24<br/>Plan<br/>£m</b> | <b>5 year<br/>total<br/>£m</b> |
|---|------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| GLA   | 2,206.0                            | 1,602.6                        | 1,120.1                        | 946.4                          | 620.6                          | 6,495.7                        |
| MOPAC   | 274.3                              | 414.7                          | 286.4                          | 293.7                          | 309.0                          | 1,578.1                        |
| LFC   | 33.2                               | 37.4                           | 51.9                           | 19.1                           | 18.3                           | 159.9                          |
| TfL   | 2,732.9                            | 2,706.7                        | 1,952.6                        | 1,905.5                        | 1,905.8                        | 11,203.5                       |
| LLDC  | 145.9                              | 279.1                          | 213.6                          | 57.2                           | 21.2                           | 717.0                          |
| <b>Total capital expenditure</b>                      | <b>5,392.3</b>                     | <b>5,040.5</b>                 | <b>3,624.5</b>                 | <b>3,221.9</b>                 | <b>2,874.9</b>                 | <b>20,154.1</b>                |

9.6 Set out below is a summary of the Mayor's Draft Capital Spending Plan for 2020-21 which shows the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act. The capital spending plan including these statutory amounts will be approved by a separate Mayoral Decision before the end of February 2020.

### Draft GLA Group statutory capital spending plan 2020-21 under Section 122 of the GLA Act

| Section  |  | GLA<br>£m      | MOPAC<br>£m  | LFC<br>£m   | TfL<br>£m      | LLDC<br>£m   |
|----------|--|----------------|--------------|-------------|----------------|--------------|
|          | Total external capital grants  | 1,524.5        | 54.7         | 0.0         | 1,165.5        | 76.6         |
|          | Opening balance of capital receipts  | 346.0          | 0.0          | 9.5         | 0.0            | 0.0          |
|          | Total capital receipts during the year   | 61.7           | 88.0         | 39.0        | 201.2          | 99.8         |
| <b>A</b> | <b>Total capital grants/ receipts</b>  | <b>1,932.2</b> | <b>142.7</b> | <b>48.5</b> | <b>1,366.7</b> | <b>176.4</b> |
|          | Minimum s.120(1) grant   | 0.0            | 0.0          | 0.0         | 0.0            | 0.0          |
|          | Total borrowings during the year   | 286.1          | 272.0        | 0.0         | 1,351.8        | 102.7        |
|          | Total credit arrangements during the year  | 0.0            | 0.0          | 0.0         | 0.0            | 0.0          |
| <b>B</b> | <b>Total borrowings and credit arrangements</b>  | <b>286.1</b>   | <b>272.0</b> | <b>0.0</b>  | <b>1,351.8</b> | <b>102.7</b> |
|          | Total capital expenditure anticipated during the year  | 1,602.6        | 414.7        | 37.4        | 2,706.7        | 279.1        |
|          | 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          |
| <b>C</b> | <b>Total capital spending for the year</b>   | <b>1,602.6</b> | <b>414.7</b> | <b>37.4</b> | <b>2,706.7</b> | <b>279.1</b> |
|          | Funding: capital grants and contributions  | 1,046.2        | 54.7         | 2.1         | 1,165.5        | 76.6         |
|          | Funding: capital receipts/reserves   | 83.1           | 88.0         | 35.3        | 189.4          | 99.8         |
|          | Funding: borrowings and credit arrangements  | 286.1          | 272.0        | 0.0         | 1,351.8        | 102.7        |
|          | Funding: revenue contributions   | 187.2          | 0.0          | 0.0         | 0.0            | 0.0          |
| <b>D</b> | <b>Total funding</b>   | <b>1,602.6</b> | <b>414.7</b> | <b>37.4</b> | <b>2,706.7</b> | <b>279.1</b> |

9.7 Set out below is a summary table of the GLA and each functional body's high-level capital spending need for a further 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 £10 billion every year from 2024-25 onwards. Just under 97 per cent of this spending need arises from housing and transport.

### Capital strategy

| Outturn prices                             | Years           | Years           | Years           | Total            |
|--|-----------------|-----------------|-----------------|------------------|
|  | 6-10            | 11-15           | 16-20           | Years 6-20       |
|  | 2024-25 to      | 2029-30 to      | 2034-35 to      | 2024-25 to       |
|  | 2028-29         | 2033-34         | 2038-39         | 2038-39          |
|  | £m              | £m              | £m              | £m               |
| <b>GLA: Mayor</b>                          |                 |                 |                 |                  |
| Housing                                    | 14,298.2        | 13,895.0        | 13,500.0        | 41,693.2         |
| Regeneration                               | 246.0           | 245.0           | 265.0           | 756.0            |
| Environment                                | 198.0           | 186.0           | 185.0           | 569.0            |
| Other                                      | 335.1           | 118.8           | 65.7            | 519.6            |
| <b>Subtotal GLA</b>                        | <b>15,077.3</b> | <b>14,444.8</b> | <b>14,015.7</b> | <b>43,537.8</b>  |
| <b>MOPAC</b>                               |                 |                 |                 |                  |
| Transformation                             | 246.7           | 170.0           | 170.0           | 586.7            |
| Maintenance                                | 531.6           | 520.4           | 494.6           | 1,546.6          |
| <b>Subtotal MOPAC</b>                      | <b>778.3</b>    | <b>690.4</b>    | <b>664.6</b>    | <b>2,133.3</b>   |
| <b>LFC</b>                                 |                 |                 |                 |                  |
| Estate, ICT and fleet maintenance          | 184.3           | 176.1           | 56.5            | 416.9            |
| <b>Subtotal LFC</b>                        | <b>184.3</b>    | <b>176.1</b>    | <b>56.5</b>     | <b>416.9</b>     |
| <b>TfL</b>                                 |                 |                 |                 |                  |
| Crossrail 2                                | 2,852.8         | 18,084.4        | 20,304.0        | 41,241.2         |
| Line extensions                            | 7,276.8         | 8,357.3         | 1,079.6         | 16,713.8         |
| Line upgrades                              | 5,614.0         | 4,704.0         | 7,326.0         | 17,644.1         |
| Enhancements                               | 4,251.9         | 4,407.6         | 5,156.2         | 13,815.7         |
| Renewals                                   | 5,038.1         | 6,709.2         | 7,628.9         | 19,376.2         |
| <b>Subtotal TfL</b>                        | <b>25,033.6</b> | <b>42,262.6</b> | <b>41,494.8</b> | <b>108,791.0</b> |
| <b>LLDC</b>                                |                 |                 |                 |                  |
| Construction, infrastructure and lifecycle | 60.7            | 41.4            | 2.2             | 104.3            |
| <b>Subtotal LLDC</b>                       | <b>60.7</b>     | <b>41.4</b>     | <b>2.2</b>      | <b>104.3</b>     |
| <b>TOTAL GLA GROUP</b>                     | <b>41,134.2</b> | <b>57,595.3</b> | <b>56,233.8</b> | <b>154,963.2</b> |



9.8 The table below shows the GLA and each functional body's total spending need over years 5 to 20 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           | Years           | Years           | Total           |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                  | 6-10            | 11-15           | 16-20           | Years 6-20      |
|                                  | 2024-25 to      | 2029-30 to      | 2034-35 to      | 2024-25 to      |
|                                  | 2028-29         | 2033-34         | 2038-39         | 2038-39         |
|                                  | £m              | £m              | £m              | £m              |
| <b>GLA: Mayor</b>                |                 |                 |                 |                 |
| Spending need                    | 15,077.3        | 14,444.8        | 14,015.7        | 43,537.8        |
| Likely funding                   | 4,575.6         | 3,938.1         | 3,486.8         | 12,000.4        |
| <b>Subtotal GLA shortfall</b>    | <b>10,501.7</b> | <b>10,506.7</b> | <b>10,529.0</b> | <b>31,537.4</b> |
| <b>MOPAC</b>                     |                 |                 |                 |                 |
| Spending need                    | 778.3           | 690.4           | 664.6           | 2,133.3         |
| Likely funding                   | 342.8           | 237.3           | 291.9           | 872.0           |
| <b>Subtotal MOPAC shortfall</b>  | <b>435.5</b>    | <b>453.1</b>    | <b>372.7</b>    | <b>1,261.3</b>  |
| <b>LFC</b>                       |                 |                 |                 |                 |
| Spending need                    | 184.3           | 176.1           | 56.5            | 416.9           |
| Likely funding                   | 48.0            | 37.0            | 37.0            | 122.0           |
| <b>Subtotal LFC shortfall</b>    | <b>136.3</b>    | <b>139.1</b>    | <b>19.5</b>     | <b>294.9</b>    |
| <b>TfL</b>                       |                 |                 |                 |                 |
| Spending need                    | 25,033.6        | 42,262.6        | 41,494.8        | 108,791.0       |
| Likely funding                   | 12,011.4        | 23,844.6        | 25,230.2        | 61,086.2        |
| <b>Subtotal TfL shortfall</b>    | <b>13,022.2</b> | <b>18,418.0</b> | <b>16,264.6</b> | <b>47,704.8</b> |
| <b>LLDC</b>                      |                 |                 |                 |                 |
| Spending need                    | 60.7            | 41.4            | 2.2             | 104.3           |
| Likely funding                   | 60.7            | 41.4            | 2.2             | 104.3           |
| <b>Subtotal LLDC shortfall</b>   | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>      |
| <b>Total GLA Group shortfall</b> | <b>24,095.7</b> | <b>29,516.9</b> | <b>27,185.8</b> | <b>80,798.4</b> |

9.9 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**

9.10 The GLA's detailed five-year CSP of £6.496 billion over 2019-24 can be summarised, as follows:

- Housing expenditure of £4.305 billion which is principally to allow 116,000 affordable homes starts within London by 2022;
- The balance of the GLA's additional contribution to Crossrail of £1.035 billion in 2019-21;
- Regeneration expenditure of £0.259 billion which includes the 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; and
- Other capital expenditure of around £0.897 billion principally for the Northern Line Extension, the LLDC for East Bank, Cultural Programmes and the GLA's 'Smarter Working' policy.

9.11 The detailed GLA CSP for the period 2019-24 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.

9.12 The GLA's shortfall between spending need and likely level of resource is on average over £2 billion per annum from 2024-25 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 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. To ensure no double-counting with TfL's Capital Strategy, there is no assumed GLA expenditure and funding for Crossrail 2.

9.13 The GLA's draft CSP, and authorised and operating borrowing limits, are set out at Appendix A.

### **MOPAC**

9.14 MOPAC's detailed five-year CSP of £1.578 billion over 2019-24, can be summarised, as follows:

- £1 billion on transformation activities including: £442 million on transforming the estate; £238 million on property forward works; £139 million on Transforming Investigations and Prosecution and £121 million on Optimising Contact and Response; and

- £578 million on non-transformation activities including: £111 million on property lifecycle works; £133 million on fleet; £192 million on the core costs of IT equipment including for frontline officers, and £142 million on National Counter Terrorism Policing Headquarters (NCTPHQ).

9.15 MOPAC's shortfall between spending need and likely level of resource is some £85 million per annum from 2024-25 onwards. There are many uncertainties over this longer time horizon on both the funding and expenditure side. Therefore, it is assumed that the capital forecast will largely be that which is necessary to maintain and replace existing assets, providing accommodation for existing officer numbers and the initial uplift in police officer numbers for 2020-21. Work is underway to understand the impact on the estate of further officer uplift, this will be finalised once officer numbers and how they will be allocated within the MPS is confirmed. When considering future innovation and transformation funding, there will be a need for MOPAC and the MPS to find a balance between capital and revenue funding. This is not foreseeable at this stage.

9.16 MOPAC's draft CSP, and authorised and operating borrowing limits, are set out at Appendix B.

### **LFC**

9.17 LFC's detailed five-year CSP of £160 million over 2019-24 allows for maintenance and replacement of the Commissioner's building, fleet and IT assets and some limited sustainability works and new developments, such as the new training centre.

9.18 LFC's shortfall between spending need and likely level of resource is on average some £20 million per annum from 2024-25 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.

9.19 LFC's draft CSP, and authorised and operating borrowing limits, are set out at Appendix C.

### **TfL**

9.20 TfL's five-year CSP of £11.204 billion over 2019-24 can be summarised, as follows:

- Renewals of £3.087 billion;
- Line upgrades of £2.538 billion;
- Crossrail, including Elizabeth line trains and enabling works of £1.748 billion;
- Streets, buses and other Surface expenditure of £1.287 billion;
- Expenditure on London Underground of £0.538 billion;
- Line extensions of £0.508 billion; and

- Other corporate expenditure, including on Rail, of £1.499 billion.

- 9.21 The first five years of the capital plan are fully balanced. The total estimated capital spend required for the 15 years from 2024-25 is £108.8 billion, of which Crossrail 2 costs are £41.2 billion. This represents an average spending need of £4.5 billion every year from 2024-25 onwards for TfL and £2.7 billion per annum for Crossrail 2. The level of transport investment suggested reflects the Mayor's and TfL's assessment of future needs as set out in the Mayor's Transport Strategy (MTS). It is also very close to the National Infrastructure Commission's assessment of London's transport infrastructure requirements. As is normal, not all the funding for future transport infrastructure schemes has yet been identified. TfL will continue to develop potential funding packages for a number of major schemes, including Crossrail 2, the Bakerloo line extension and a potential DLR extension to Thamesmead.
- 9.22 These packages could include funding from a number of different sources, including additional Government funding, tax increment financing or local sources, such as workplace parking levies. This will help reduce the current additional funding requirement of some £3.2 billion a year on average (being the difference between the average annual spending need of £7.2 billion and likely level of resources of £4 billion) that will be needed from 2024-25 onwards (assuming no additional borrowing). It is also important for TfL to have certainty around future funding to enable it commit to long-term projects and the Mayor will be making the case to Government for confirmed capital funding to support investment as part of the Spending Review next year.
- 9.23 TfL's draft CSP, and authorised and operating borrowing limits, are set out at Appendix D.

### **LLDC**

- 9.24 LLDC's detailed five-year CSP of £717 million over 2019-24, can be summarised, as follows:

- Construction and completion of the East Bank educational and cultural district in the Queen Elizabeth Olympic Park of £438 million;
- Section 106 infrastructure works and planning and design costs to deliver housing developments of £107 million; and
- Stadium, Park and venue life-cycle and improvement projects, including to the Stadium current seating system, of £57 million.

- 9.25 LLDC has no shortfall between its spending need and likely level of resource over the fifteen-year period from 2024-25. 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 LLDC. LLDC's draft CSP, and authorised and operating borrowing limits, are set out at Appendix E.

### **OPDC**

- 9.26 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.
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## Greater London Authority: Mayor and London Assembly

**Table 1: GLA: Mayor - Subjective analysis**

| Subjective analysis   | Revised       | Forecast      | Budget        | Plan          | Plan          | Plan          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Budget        | Outturn       |               |               |               |               |
|   | 2019-20       | 2019-20       | 2020-21       | 2021-22       | 2022-23       | 2023-24       |
|   | £m            | £m            | £m            | £m            | £m            | £m            |
| Staff costs   | 57.2          | 57.2          | 65.5          | 65.5          | 66.1          | 67.3          |
| Premises costs  | 24.6          | 24.6          | 25.4          | 27.0          | 28.0          | 32.2          |
| Supplies and services   | 378.5         | 348.9         | 510.9         | 466.5         | 448.3         | 432.4         |
| Strategic Investment Fund                                       | 108.8         | 17.3          | 51.3          | 103.3         | 0.0           | 0.0           |
| <i>Capital financing costs:</i>                                 |               |               |               |               |               |               |
| Financing costs - Crossrail                                     | 124.7         | 124.7         | 132.7         | 130.8         | 123.8         | 116.7         |
| Financing costs - NLE   | 19.6          | 19.6          | 20.5          | 20.5          | 20.5          | 20.5          |
| Financing costs - other   | 6.1           | 6.4           | 6.3           | 5.7           | 5.7           | 5.7           |
| Provision for repayment of debt/<br>other grant payments - LLDC | 12.8          | 12.8          | 11.8          | 11.8          | 11.8          | 11.8          |
| <b>Total revenue expenditure</b>                                | <b>732.3</b>  | <b>611.5</b>  | <b>824.3</b>  | <b>831.2</b>  | <b>704.0</b>  | <b>686.9</b>  |
| Sales fees and charges  | -16.4         | -16.4         | -52.2         | -54.1         | -44.7         | -37.0         |
| Rental income   | -8.1          | -8.1          | -5.5          | -5.5          | -5.5          | -5.5          |
| Interest receipts   | -13.7         | -24.5         | -17.4         | -17.4         | -17.4         | -17.4         |
| Crossrail BRS and MCIL  | -124.7        | -124.7        | -132.7        | -130.8        | -123.8        | -116.7        |
| NLE contributions   | -19.6         | -19.6         | -20.5         | -20.5         | -20.5         | -20.5         |
| Interest receipts GLAP loan                                     | -9.9          | -9.9          | -9.9          | -9.9          | -9.9          | -9.9          |
| Adjustment for direct net GLAP<br>expenditure                   | -19.6         | -19.6         | -18.4         | -18.4         | -18.4         | -18.4         |
| GLAP recharge   | -5.3          | -5.3          | -6.4          | -6.4          | -6.4          | -6.4          |
| <b>Total Income</b>   | <b>-217.3</b> | <b>-228.1</b> | <b>-262.9</b> | <b>-262.9</b> | <b>-246.5</b> | <b>-231.6</b> |
| <b>Net cost of services</b>                                     | <b>515.0</b>  | <b>383.4</b>  | <b>561.4</b>  | <b>568.2</b>  | <b>457.5</b>  | <b>455.3</b>  |
| Transfer to/from (-) reserves held<br>for GLA services          | -61.9         | -21.8         | -70.0         | -14.0         | -6.8          | -4.0          |
| Transfer to/from (-) reserves held<br>for GLA Group             | -65.9         | 25.7          | -51.3         | -103.3        | 0.0           | 0.0           |
| <b>Financing requirement</b>                                    | <b>387.2</b>  | <b>387.2</b>  | <b>440.1</b>  | <b>450.9</b>  | <b>450.7</b>  | <b>451.3</b>  |
| Specific grants   | 192.0         | 192.0         | 311.0         | 311.0         | 311.0         | 311.0         |
| Retained business rates   | 124.0         | 124.0         | 61.5          | 70.8          | 69.3          | 68.7          |
| Council tax collection fund surplus                             | 3.7           | 3.7           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>Council tax requirement</b>                                  | <b>67.6</b>   | <b>67.6</b>   | <b>67.6</b>   | <b>68.9</b>   | <b>70.3</b>   | <b>71.7</b>   |

### 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 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     | Forecast    | Budget       | Plan        | Plan        | Plan        |
|---|-------------|-------------|--------------|-------------|-------------|-------------|
|   | Budget      |             |              |             |             |             |
|   | 2019-20     | 2019-20     | 2020-21      | 2021-22     | 2022-23     | 2023-24     |
|   | £m          | £m          | £m           | £m          | £m          | £m          |
| <i>Group Initiatives</i>  |             |             |              |             |             |             |
| Group collaborative and responsible procurement                           | 0.7         | 0.7         | 0.9          | 0.9         | 0.9         | 0.9         |
| Borough income maximisation initiatives                                   | 3.5         | 3.5         | 5.0          | 5.0         | 5.0         | 5.0         |
| Forecast council tax collection fund surplus not yet allocated by Mayor   | 0.0         | 0.0         | 12.2         | 12.2        | 12.2        | 12.2        |
| <i>Development Corporations</i>   |             |             |              |             |             |             |
| LLDC expenditure funded from Group items                                  | 17.5        | 17.5        | 4.1          | 4.9         | 1.0         | 0.0         |
| OPDC expenditure funded from Group items                                  | 1.4         | 1.4         | 0.0          | 0.0         | 0.0         | 0.0         |
| <i>MHCLG Payments</i>   |             |             |              |             |             |             |
| Tariff and business rates levy payments via business rates retention pool | 0.0         | 0.0         | 876.4        | 0.0         | 0.0         | 0.0         |
| <b>Total GLA Group item expenditure</b>                                   | <b>23.1</b> | <b>23.1</b> | <b>898.6</b> | <b>23.0</b> | <b>19.1</b> | <b>18.1</b> |
| Transfer to/from (-) MDC reserve  | -1.4        | -1.4        | -4.1         | -4.9        | -1.0        | 0.0         |
| Transfer to/from (-) BRR reserve  | -18.2       | -18.2       | 18.2         | 0.0         | 0.0         | 0.0         |
| <b>Financing requirement</b>  | <b>3.5</b>  | <b>3.5</b>  | <b>36.3</b>  | <b>18.1</b> | <b>18.1</b> | <b>18.1</b> |
| Retained business rates   | 3.5         | 3.5         | 900.5        | 5.9         | 5.9         | 5.9         |
| Council tax collection fund surplus                                       | 0.0         | 0.0         | 12.2         | 12.2        | 12.2        | 12.2        |
| <b>Council tax requirement</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>   | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  |

'BRR reserve' - Business Rates Retention reserve. 'MDC reserve' is the Mayoral Development Corporation reserve.

**Table 3: GLA: Assembly - Subjective analysis**

| Subjective analysis            | Revised    | Forecast   | Budget     | Plan       | Plan       | Plan       |
|--------------------------------|------------|------------|------------|------------|------------|------------|
|                                | Budget     | Outturn    |            |            |            |            |
|                                | 2019-20    | 2019-20    | 2020-21    | 2021-22    | 2022-23    | 2023-24    |
|                                | £m         | £m         | £m         | £m         | £m         | £m         |
| Staff costs                    | 6.4        | 6.4        | 6.5        | 6.6        | 6.8        | 6.9        |
| Supplies and services          | 1.6        | 2.1        | 2.0        | 2.0        | 2.0        | 2.1        |
| <b>Net revenue expenditure</b> | <b>8.0</b> | <b>8.5</b> | <b>8.4</b> | <b>8.6</b> | <b>8.8</b> | <b>9.0</b> |
| Transfer to/from (-) reserves  | -0.2       | -0.7       | 0.2        | 0.2        | 0.2        | 0.2        |
| Savings to be identified       | 0.0        | 0.0        | 0.0        | -0.5       | -0.5       | -0.8       |
| <b>Financing requirement</b>   | <b>7.8</b> | <b>7.8</b> | <b>8.6</b> | <b>8.2</b> | <b>8.4</b> | <b>8.4</b> |
| Retained business rates        | 5.2        | 5.2        | 5.9        | 5.5        | 5.6        | 5.6        |
| <b>Council tax requirement</b> | <b>2.6</b> | <b>2.6</b> | <b>2.6</b> | <b>2.7</b> | <b>2.7</b> | <b>2.7</b> |

**Table 4: GLA: Mayor - Draft capital spending plan**

| <b>Draft capital plan</b>                    | <b>Forecast<br/>Outturn<br/>2019-20<br/>£m</b> | <b>Budget<br/>2020-21<br/>£m</b> | <b>Plan<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> | <b>Plan<br/>2023-24<br/>£m</b> |
|--|--|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <i>Expenditure</i>                           |  |                                  |                                |                                |                                |
| Affordable Homes Programme (2016-22)         | 303.4  | 600.8                            | 500.0                          | 674.0                          | 533.0                          |
| Cladding – Social sector                     | 14.6   | 68.7                             | 23.2                           | 3.5                            | 0.0                            |
| Cladding – Private sector                    | 0.0  | 50.0                             | 50.0                           | 45.0                           | 0.0                            |
| Housing Zone loans                           | 87.8   | 36.8                             | 0.0                            | 0.0                            | 0.0                            |
| Housing Zone grants                          | 115.1  | 35.0                             | 35.0                           | 31.0                           | 20.0                           |
| Care and Support Specialised Housing         | 30.1   | 24.2                             | 0.0                            | 0.0                            | 0.0                            |
| Community Housing Fund                       | 1.0  | 4.0                              | 12.0                           | 13.0                           | 0.0                            |
| Move-On                                      | 12.9   | 15.7                             | 17.2                           | 2.1                            | 0.0                            |
| Land and Property programme                  | 28.6   | 22.2                             | 6.1                            | 5.2                            | 5.0                            |
| Marginal Viability Fund                      | 9.4  | 33.6                             | 47.2                           | 0.0                            | 0.0                            |
| GLAP Land Fund                               | 125.5  | 57.0                             | 0.0                            | 0.0                            | 0.0                            |
| MHLG Land Fund                               | 146.8  | 85.0                             | 160.0                          | 39.1                           | 0.0                            |
| Enterprise Zone – Royal Docks                | 6.4  | 60.8                             | 37.7                           | 50.1                           | 0.0                            |
| Further Education Capital                    | 14.0   | 15.9                             | 18.0                           | 11.8                           | 5.3                            |
| Skills for Londoners                         | 10.4   | 13.5                             | 15.1                           | 24.9                           | 11.1                           |
| Good Growth Fund                             | 13.6   | 12.8                             | 10.8                           | 10.6                           | 9.4                            |
| Northern Line Extension                      | 205.0  | 127.0                            | 0.0                            | 0.0                            | 0.0                            |
| Crossrail                                    | 959.0  | 76.0                             | 0.0                            | 0.0                            | 0.0                            |
| LLDC Loan Funding                            | 61.5   | 102.7                            | 36.1                           | 0.0                            | 0.0                            |
| UCL Cultural and Education District          | 15.0   | 55.0                             | 30.0                           | 0.0                            | 0.0                            |
| LLDC East Bank and Direct Grant Funding      | 17.6   | 75.8                             | 91.1                           | 11.3                           | 7.4                            |
| LLDC Joint venture transfer to GLAP          | 0.2  | 3.9                              | 11.2                           | 11.7                           | 22.4                           |
| Other Projects (< £10m p.a.)                 | 28.1   | 26.2                             | 19.4                           | 13.1                           | 7.0                            |
| <b>Total expenditure</b>                     | <b>2,206.0</b>                                 | <b>1,602.6</b>                   | <b>1,120.2</b>                 | <b>946.5</b>                   | <b>620.6</b>                   |
| <i>Funding</i>                               |  |                                  |                                |                                |                                |
| Borrowing                                    | 1,156.7  | 286.1                            | 48.5                           | 49.0                           | 0.0                            |
| Capital grants and third-party contributions | 698.6  | 1,046.2                          | 948.0                          | 863.8                          | 580.3                          |
| Capital receipts                             | 156.5  | 83.1                             | 17.4                           | 16.4                           | 23.0                           |
| Revenue contributions                        | 194.2  | 187.2                            | 106.4                          | 17.3                           | 17.3                           |
| <b>Total funding</b>                         | <b>2,206.0</b>                                 | <b>1,602.6</b>                   | <b>1,120.2</b>                 | <b>946.5</b>                   | <b>620.6</b>                   |





## Mayor's Office for Policing and Crime

**Table 1: MOPAC (including MPS) - Subjective analysis**

| Subjective analysis              | Revised<br>Budget<br>2019-20<br>£m | Forecast<br>Outturn<br>2019-20<br>£m | Budget<br>2020-21<br>£m | Plan<br>2021-22<br>£m | Plan<br>2022-23<br>£m | Plan<br>2023-24<br>£m |
|----------------------------------|------------------------------------|--------------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Police officer pay               | 1,907.8                            | 1,910.6                              | 2,032.3                 | 2,162.8               | 2,332.6               | 2,409.9               |
| Police staff pay                 | 526.9                              | 526.0                                | 560.9                   | 601.8                 | 648.0                 | 669.7                 |
| PCSO pay                         | 57.5                               | 56.2                                 | 56.3                    | 57.5                  | 58.9                  | 60.3                  |
| <b>Total pay</b>                 | <b>2,492.2</b>                     | <b>2,492.8</b>                       | <b>2,649.5</b>          | <b>2,822.1</b>        | <b>3,039.5</b>        | <b>3,139.9</b>        |
| Police officer overtime          | 101.3                              | 139.1                                | 109.4                   | 106.0                 | 111.4                 | 113.1                 |
| Police staff overtime            | 21.7                               | 31.0                                 | 21.7                    | 21.6                  | 21.6                  | 21.6                  |
| PCSO overtime                    | 0.1                                | 0.2                                  | 0.1                     | 0.1                   | 0.1                   | 0.1                   |
| <b>Total overtime</b>            | <b>123.1</b>                       | <b>170.3</b>                         | <b>131.2</b>            | <b>127.7</b>          | <b>133.1</b>          | <b>134.8</b>          |
| Employee-related expenditure     | 16.2                               | 25.0                                 | 19.8                    | 27.5                  | 36.2                  | 38.6                  |
| Premises costs                   | 162.5                              | 161.6                                | 213.0                   | 186.3                 | 165.2                 | 152.5                 |
| Transport costs                  | 65.4                               | 73.6                                 | 70.6                    | 70.9                  | 70.9                  | 70.9                  |
| Supplies and services            | 614.8                              | 630.4                                | 595.3                   | 599.2                 | 614.8                 | 622.7                 |
| <b>Total running expenses</b>    | <b>858.9</b>                       | <b>890.6</b>                         | <b>898.7</b>            | <b>883.9</b>          | <b>887.2</b>          | <b>884.8</b>          |
| Capital financing costs          | 77.0                               | 69.5                                 | 98.2                    | 254.0                 | 171.0                 | 123.7                 |
| <b>Total expenditure</b>         | <b>3,551.2</b>                     | <b>3,623.2</b>                       | <b>3,777.6</b>          | <b>4,087.7</b>        | <b>4,230.8</b>        | <b>4,283.1</b>        |
| Other income                     | -271.2                             | -273.8                               | -270.0                  | -272.7                | -276.9                | -280.4                |
| <b>Total income</b>              | <b>-271.2</b>                      | <b>-273.8</b>                        | <b>-270.0</b>           | <b>-272.7</b>         | <b>-276.9</b>         | <b>-280.4</b>         |
| Discretionary pension costs      | 34.4                               | 34.4                                 | 34.4                    | 34.4                  | 34.4                  | 34.4                  |
| Savings to be identified         | 0.0                                | 0.0                                  | 0.0                     | -286.5                | -446.3                | -479.6                |
| <b>Net expenditure</b>           | <b>3,314.5</b>                     | <b>3,383.8</b>                       | <b>3,542.0</b>          | <b>3,562.8</b>        | <b>3,542.1</b>        | <b>3,557.5</b>        |
| Transfer to/from (-) reserves    | 166.5                              | 145.1                                | -51.9                   | -109.4                | -76.5                 | -7.4                  |
| <b>Net financing requirement</b> | <b>3,481.0</b>                     | <b>3,529.0</b>                       | <b>3,490.1</b>          | <b>3,453.4</b>        | <b>3,465.6</b>        | <b>3,550.1</b>        |
| Specific grants                  | 590.2                              | 638.1                                | 580.7                   | 573.7                 | 573.7                 | 573.7                 |
| Retained business rates          | 220.0                              | 220.0                                | 95.0                    | 35.9                  | 36.1                  | 95.4                  |
| CTax collection fund surplus     | 18.5                               | 18.5                                 | 0.0                     | 0.0                   | 0.0                   | 0.0                   |
| Home Office Police Grant         | 1,927.1                            | 1,927.1                              | 2,059.9                 | 2,058.8               | 2,039.1               | 2,041.3               |
| <b>Council tax requirement</b>   | <b>725.2</b>                       | <b>725.2</b>                         | <b>754.5</b>            | <b>785.0</b>          | <b>816.7</b>          | <b>839.7</b>          |

**Table 2: MOPAC (excluding MPS) Core and Programme Budget - Objective analysis**

| Objective analysis                            | Final<br>Budget<br>2019-20 | Budget<br>2020-21 | Plan<br>2021-22 | Plan<br>2022-23 | Plan<br>2023-24 |
|---|----------------------------|-------------------|-----------------|-----------------|-----------------|
|   | £m                         | £m                | £m              | £m              | £m              |
| <b>MOPAC</b>                                  |                            |                   |                 |                 |                 |
| <b>Core Budget</b>                            |                            |                   |                 |                 |                 |
| Victims Services and Crime Prevention         | 45.0                       | 41.2              | 42.4            | 42.7            | 42.9            |
| Oversight and Accountability                  | 6.8                        | 7.6               | 7.8             | 7.9             | 7.9             |
| Shared audit function                         | 1.5                        | 1.6               | 1.7             | 1.7             | 1.7             |
| <b>Total MOPAC Core Budget</b>                | <b>53.4</b>                | <b>50.4</b>       | <b>51.9</b>     | <b>52.3</b>     | <b>52.5</b>     |
| Violence Reduction Unit                       | 1.8                        | 5.0               | 5.0             | 5.0             | 5.0             |
| <b>Total Core Budget</b>                      | <b>55.2</b>                | <b>55.4</b>       | <b>56.9</b>     | <b>57.3</b>     | <b>57.5</b>     |
| <b>One-Off Programmes</b>                     |                            |                   |                 |                 |                 |
| Better criminal justice services              | 0.5                        | 0.0               | 0.0             | 0.0             | 0.0             |
| Better police force                           | 0.5                        | 0.0               | 0.0             | 0.0             | 0.0             |
| Children and young people                     | 3.6                        | 3.8               | 0.0             | 0.0             | 0.0             |
| Standing together against violence and hatred | 0.3                        | 0.3               | 0.0             | 0.0             | 0.0             |
| Tackling violence against women and girls     | 7.9                        | 5.9               | 5.3             | 0.2             | 0.0             |
| <b>Total MOPAC One-Off Programmes</b>         | <b>12.8</b>                | <b>9.9</b>        | <b>5.3</b>      | <b>0.2</b>      | <b>0.0</b>      |
| Violence Reduction Unit: one-off programmes   | 13.0                       | 9.7               | 0.0             | 0.0             | 0.0             |
| <b>Total One-Off Programmes</b>               | <b>25.8</b>                | <b>19.6</b>       | <b>5.3</b>      | <b>0.2</b>      | <b>0.0</b>      |

**Table 3: MOPAC - Draft capital plan**

| <b>Draft capital plan</b>                   | <b>Forecast<br/>Outturn</b> | <b>Budget</b>  | <b>Plan</b>    | <b>Plan</b>    | <b>Plan</b>    |
|---|-----------------------------|----------------|----------------|----------------|----------------|
|   | <b>2019-20</b>              | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|   | <b>£m</b>                   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| <i>Expenditure</i>                          |                             |                |                |                |                |
| PSD - Lifecycle work                        | 13.1                        | 13.8           | 15.4           | 34.3           | 34.0           |
| Fleet                                       | 33.7                        | 28.4           | 22.9           | 27.9           | 19.8           |
| Digital Policing                            | 54.2                        | 32.7           | 27.7           | 32.7           | 44.7           |
| NCTPHQ                                      | 31.1                        | 33.0           | 27.4           | 25.0           | 25.0           |
| Optimising Contact and Response             | 4.2                         | 59.8           | 40.0           | 8.4            | 8.7            |
| Transforming Investigation and Prosecution  | 46.3                        | 43.2           | 31.9           | 16.0           | 1.5            |
| Strengthening Armed Policing                | 0.3                         | 2.4            | 1.2            | 21.0           | 0.0            |
| Smarter Working                             | 6.0                         | 0.4            | 0.0            | 0.0            | 0.0            |
| Learning and Professionalism Transformation | 0.4                         | 1.2            | 1.3            | 0.1            | 0.0            |
| Information Futures                         | 0.8                         | 8.6            | 3.3            | 0.0            | 0.0            |
| PSD - Property Forward Works                | 24.9                        | 54.2           | 44.4           | 29.5           | 84.8           |
| PSD - Transforming the MPS Estate           | 59.3                        | 133.5          | 70.8           | 98.9           | 79.5           |
| Met Operations                              | 0.0                         | 3.3            | 0.0            | 0.0            | 0.0            |
| Transformation – long term estimate         | 0.0                         | 0.0            | 0.0            | 0.0            | 11.0           |
| <b>Total expenditure</b>                    | <b>274.3</b>                | <b>414.7</b>   | <b>286.4</b>   | <b>293.7</b>   | <b>309.0</b>   |
| <i>Funding</i>                              |                             |                |                |                |                |
| Capital Receipts                            | 36.0                        | 100.4          | 43.5           | 78.1           | 68.3           |
| Capital grants and other contributions      | 40.1                        | 42.3           | 32.3           | 30.8           | 32.1           |
| Borrowing                                   | 198.2                       | 272.0          | 210.5          | 184.8          | 208.5          |
| <b>Total funding</b>                        | <b>274.3</b>                | <b>414.7</b>   | <b>286.4</b>   | <b>293.7</b>   | <b>309.0</b>   |

PSD – Property Services Directorate

NCTPHQ – National Counter Terrorism Policing Headquarters

**Table 4: MOPAC - Capital financing costs**

| <b>Capital financing costs</b>  | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Provision for repayment of debt | 45.7           | 61.0           | 73.5           | 80.4           |
| External interest               | 28.0           | 34.6           | 38.3           | 40.6           |
| <b>MOPAC Total</b>              | <b>73.8</b>    | <b>95.5</b>    | <b>111.8</b>   | <b>121.0</b>   |

**Tables 5 and 6: MOPAC - Borrowing limits**

| <b>Authorised limit for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|   | <b>2019-20</b>          | <b>2019-20</b>          | <b>2020-21</b>  | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>MOPAC</b>                              |                         |                         |                 |                 |                 |                 |
| Borrowing                                 | 945.2                   | 879.1                   | 1,151.1         | 1,361.6         | 1,546.4         | 1,754.9         |
| Long term liabilities                     | 71.0                    | 73.3                    | 64.9            | 584.4           | 52.2            | 47.3            |
| <b>MOPAC Total</b>                        | <b>1,016.2</b>          | <b>852.4</b>            | <b>1,216.0</b>  | <b>1,419.9</b>  | <b>1,598.6</b>  | <b>1,802.2</b>  |

| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|   | <b>2019-20</b>          | <b>2019-20</b>          | <b>2020-21</b>  | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>MOPAC</b>                                  |                         |                         |                 |                 |                 |                 |
| Borrowing                                     | 820.2                   | 754.1                   | 1,026.1         | 1,236.6         | 1,421.4         | 1,629.9         |
| Long term liabilities                         | 71.0                    | 73.3                    | 64.9            | 58.4            | 52.2            | 47.3            |
| <b>MOPAC Total</b>                            | <b>891.2</b>            | <b>827.4</b>            | <b>1,091.0</b>  | <b>1,294.9</b>  | <b>1,473.6</b>  | <b>1,677.2</b>  |

## London Fire Commissioner

**Table 1: LFC - Subjective analysis**

| Subjective analysis                   | Revised      | Forecast     | Budget       | Plan         | Plan         | Plan         |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                       | Budget       | Outturn      |              |              |              |              |
|                                       | 2019-20      | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|                                       | £m           | £m           | £m           | £m           | £m           | £m           |
| Operational staff                     | 270.1        | 269.0        | 278.0        | 282.4        | 289.1        | 294.3        |
| Other staff                           | 59.8         | 58.9         | 61.5         | 62.2         | 61.5         | 62.5         |
| Employee-related                      | 22.1         | 22.9         | 24.4         | 25.4         | 25.8         | 27.0         |
| Pensions                              | 20.8         | 21.0         | 21.3         | 21.6         | 21.8         | 22.0         |
| Premises                              | 39.6         | 40.7         | 39.5         | 40.9         | 42.0         | 43.3         |
| Transport                             | 18.0         | 17.8         | 18.3         | 17.8         | 18.1         | 18.1         |
| Supplies and services                 | 29.7         | 31.4         | 30.6         | 29.7         | 29.7         | 28.6         |
| Third party payments                  | 2.1          | 2.2          | 1.3          | 1.3          | 1.2          | 1.3          |
| Capital financing costs               | 9.8          | 9.4          | 11.3         | 12.4         | 12.4         | 12.4         |
| Central contingency against inflation | 0.1          | 0.0          | -0.2         | -0.2         | -0.3         | -0.3         |
| Savings to be identified              | 0.0          | 0.0          | 0.0          | -6.9         | -28.9        | -27.1        |
| <b>Total expenditure</b>              | <b>472.0</b> | <b>473.1</b> | <b>486.0</b> | <b>486.7</b> | <b>472.4</b> | <b>482.1</b> |
| Total income                          | -40.4        | -42.4        | -39.8        | -41.4        | -42.8        | -44.3        |
| <b>Net expenditure</b>                | <b>431.6</b> | <b>430.6</b> | <b>446.2</b> | <b>445.4</b> | <b>429.6</b> | <b>437.8</b> |
| Transfer to/from (-) reserves         | -3.9         | -2.9         | -13.7        | -26.2        | -1.8         | -0.8         |
| <b>Financing requirement</b>          | <b>427.7</b> | <b>427.7</b> | <b>432.5</b> | <b>419.1</b> | <b>427.9</b> | <b>437.0</b> |
| Specific grants                       | 35.4         | 35.4         | 33.2         | 11.5         | 11.5         | 11.5         |
| Retained business rates               | 233.2        | 233.2        | 230.7        | 230.7        | 230.7        | 230.7        |
| <b>Council tax requirement</b>        | <b>159.2</b> | <b>159.2</b> | <b>168.6</b> | <b>176.9</b> | <b>185.7</b> | <b>194.8</b> |

**Table 2: LFC - Draft capital plan**

| <b>Draft capital plan</b>         | <b>Forecast<br/>Outturn<br/>2019-20<br/>£m</b> | <b>Budget<br/>2020-21<br/>£m</b> | <b>Plan<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> | <b>Plan<br/>2023-24<br/>£m</b> |
|-----------------------------------|--|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <i>Expenditure</i>                |  |                                  |                                |                                |                                |
| IT projects                       | 2.6  | 3.6                              | 5.3                            | 5.3                            | 6.5                            |
| Major refurbishments              | 0.5  | 0.3                              | 0.2                            | 1.5                            | 2.5                            |
| New developments                  | 5.1  | 7.6                              | 19.6                           | 3.8                            | 0.0                            |
| Minor works                       | 3.1  | 3.4                              | 5.6                            | 3.2                            | 3.8                            |
| Sustainability works              | 1.2  | 2.4                              | 2.7                            | 2.7                            | 2.3                            |
| Appliance bay doors               | 0.6  | 0.6                              | 0.6                            | 0.4                            | 0.4                            |
| Fire Brigade fleet re-procurement | 20.1   | 19.5                             | 17.8                           | 2.3                            | 2.8                            |
| <b>Total expenditure</b>          | <b>33.2</b>                                    | <b>37.4</b>                      | <b>51.9</b>                    | <b>19.1</b>                    | <b>18.3</b>                    |
| <i>Funding</i>                    |  |                                  |                                |                                |                                |
| Capital receipts                  | 33.0   | 35.3                             | 13.2                           | 19.1                           | 3.9                            |
| Capital grants                    | 0.2  | 2.1                              | 0.0                            | 0.0                            | 0.0                            |
| Borrowing                         | 0.0  | 0.0                              | 38.7                           | 0.0                            | 14.4                           |
| <b>Total funding</b>              | <b>33.2</b>                                    | <b>37.4</b>                      | <b>51.9</b>                    | <b>19.1</b>                    | <b>18.3</b>                    |

**Table 3: LFC - Capital financing costs**

| <b>Capital financing costs</b>  | <b>2020-21<br/>£m</b> | <b>2021-22<br/>£m</b> | <b>2022-23<br/>£m</b> | <b>2023-24<br/>£m</b> |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>LFC</b>                      |                       |                       |                       |                       |
| Provision for repayment of debt | 7.1                   | 8.2                   | 8.2                   | 8.2                   |
| External interest               | 3.6                   | 3.5                   | 3.5                   | 3.5                   |
| <b>LFC Total</b>                | <b>10.7</b>           | <b>11.8</b>           | <b>11.8</b>           | <b>11.8</b>           |

**Tables 4 and 5: LFC - Borrowing limits**

| <b>Authorised limit for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|   | <b>2019-20</b>          | <b>2019-20</b>          | <b>2020-21</b>  | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>LFC</b>                                |                         |                         |                 |                 |                 |                 |
| Borrowing                                 | 155.0                   | 155.0                   | 155.0           | 175.0           | 175.0           | 175.0           |
| Long term liabilities                     | 70.0                    | 70.0                    | 70.0            | 70.0            | 70.0            | 70.0            |
| <b>LFC Total</b>                          | <b>225.0</b>            | <b>225.0</b>            | <b>225.0</b>    | <b>245.0</b>    | <b>245.0</b>    | <b>245.0</b>    |

| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|   | <b>2019-20</b>          | <b>2019-20</b>          | <b>2020-21</b>  | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>LFC</b>                                    |                         |                         |                 |                 |                 |                 |
| Borrowing                                     | 150.0                   | 150.0                   | 150.0           | 170.0           | 170.0           | 170.0           |
| Long term liabilities                         | 70.0                    | 70.0                    | 70.0            | 70.0            | 70.0            | 70.0            |
| <b>LFC Total</b>                              | <b>220.0</b>            | <b>220.0</b>            | <b>220.0</b>    | <b>240.0</b>    | <b>240.0</b>    | <b>240.0</b>    |



# Transport for London

**Table 1: TfL - Subjective analysis**

| Subjective analysis                                  | Revised Budget  | Forecast Outturn | Budget          | Plan            | Plan            | Plan            |
|--|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
|  | 2019-20         | 2019-20          | 2020-21         | 2021-22         | 2022-23         | 2023-24         |
|  | £m              | £m               | £m              | £m              | £m              | £m              |
| <i>Income</i>  |                 |                  |                 |                 |                 |                 |
| Passenger income                                     | -4,855.5        | -4,970.4         | -5,123.5        | -5,412.1        | -5,965.9        | -6,413.5        |
| Congestion charging                                  | -221.1          | -261.0           | -255.0          | -311.5          | -371.6          | -362.3          |
| Media income   | -153.7          | -153.5           | -159.8          | -161.4          | -170.0          | -181.3          |
| Rental income  | -96.2           | -96.2            | -115.0          | -133.5          | -146.7          | -159.8          |
| Elizabeth line regulatory income                     | -29.8           | 0.0              | -26.7           | -190.1          | -391.4          | -404.0          |
| Other income   | -549.2          | -495.9           | -488.3          | -559.4          | -519.3          | -610.3          |
| <b>Total Income</b>                                  | <b>-5,905.5</b> | <b>-5,976.9</b>  | <b>-6,168.2</b> | <b>-6,767.8</b> | <b>-7,564.9</b> | <b>-8,131.2</b> |
| <i>Operating Expenditure</i>                         |                 |                  |                 |                 |                 |                 |
| Employee expenses                                    | 2,184.4         | 1,974.4          | 2,156.0         | 2,172.9         | 2,254.4         | 2,241.0         |
| Premises   | 305.1           | 288.7            | 297.3           | 327.5           | 347.2           | 356.0           |
| Bus contract payments                                | 2,020.3         | 2,022.8          | 2,063.5         | 2,112.3         | 2,153.8         | 2,212.0         |
| CCS Income & other road contracted services          | 377.9           | 301.8            | 349.1           | 330.6           | 333.3           | 318.3           |
| Asset maintenance and LA payments                    | 556.1           | 479.9            | 577.1           | 538.1           | 553.9           | 553.5           |
| Professional and consultancy                         | 145.9           | 139.8            | 121.6           | 121.4           | 121.7           | 119.7           |
| Franchise payments                                   | 511.5           | 499.9            | 512.7           | 544.8           | 585.2           | 613.7           |
| Elizabeth line regulatory                            | 29.8            | 0.0              | 26.7            | 190.1           | 391.4           | 404.0           |
| ICT  | 242.8           | 229.8            | 202.9           | 187.2           | 187.8           | 193.9           |
| Traction current                                     | 136.3           | 133.6            | 151.2           | 171.9           | 188.2           | 209.9           |
| Other operating expenses                             | 486.2           | 544.6            | 405.2           | 620.0           | 409.8           | 566.4           |
| Capital resources and other recharges                | -317.6          | -295.5           | -335.3          | -390.1          | -402.7          | -409.2          |
| Bad debt provision                                   | 101.1           | 99.0             | 90.3            | 137.4           | 125.5           | 112.7           |
| <b>Total operating expenditure</b>                   | <b>6,779.8</b>  | <b>6,418.8</b>   | <b>6,618.3</b>  | <b>7,064.3</b>  | <b>7,249.3</b>  | <b>7,491.9</b>  |
| <b>Net operating expenditure</b>                     | <b>874.3</b>    | <b>441.9</b>     | <b>450.1</b>    | <b>296.4</b>    | <b>-315.6</b>   | <b>-639.4</b>   |
| Group items  | 473.7           | 451.7            | 487.1           | 551.4           | 571.8           | 568.2           |
| Revenue resources used to support capital investment | 0.0             | 174.0            | 42.0            | 148.9           | 758.3           | 1,004.0         |
| <b>Financing requirement</b>                         | <b>1,348.0</b>  | <b>1,067.6</b>   | <b>979.3</b>    | <b>996.7</b>    | <b>1,014.6</b>  | <b>932.8</b>    |
| Specific grants                                      | 105.0           | 107.3            | 5.0             | 5.2             | 5.3             | 5.4             |
| Retained business rates                              | 1,237.0         | 954.3            | 968.2           | 985.6           | 1,003.3         | 921.4           |
| <b>Council tax requirement</b>                       | <b>6.0</b>      | <b>6.0</b>       | <b>6.0</b>      | <b>6.0</b>      | <b>6.0</b>      | <b>6.0</b>      |

CCS - Congestion charging scheme.

**Table 2 TfL - Draft capital plan**

| Draft capital plan                       | Forecast       | Budget         | Plan           | Plan           | Plan           |
|--|----------------|----------------|----------------|----------------|----------------|
|  | Outturn        |                |                |                |                |
|  | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
|  | £m             | £m             | £m             | £m             | £m             |
| <i>Expenditure</i>                       |                |                |                |                |                |
| Crossrail contributions                  | 1,054.8        | 625.6          | 0.0            | 0.0            | 0.0            |
| Elizabeth line trains and enabling works | 25.5           | 41.8           | 0.0            | 0.0            | 0.0            |
| Line extensions                          | 214.0          | 163.3          | 95.7           | 14.9           | 20.0           |
| Line upgrades                            | 353.8          | 405.7          | 489.4          | 587.8          | 700.9          |
| London Underground enhancements          | 157.2          | 153.0          | 103.9          | 53.2           | 70.5           |
| Buses enhancements                       | 12.5           | 3.4            | 0.0            | 0.0            | 0.0            |
| Streets enhancements                     | 138.4          | 290.5          | 224.3          | 302.6          | 184.7          |
| Rail enhancements                        | 51.2           | 39.9           | 15.8           | 19.8           | 25.2           |
| Other surface operations enhancements    | 35.5           | 68.5           | 22.2           | 0.3            | 4.0            |
| Corporate projects enhancements          | 210.2          | 379.7          | 336.5          | 227.2          | 193.2          |
| Renewals                                 | 479.9          | 535.2          | 664.7          | 699.6          | 707.2          |
| <b>Total expenditure</b>                 | <b>2,732.9</b> | <b>2,706.7</b> | <b>1,952.6</b> | <b>1,905.5</b> | <b>1,905.8</b> |
| <i>Funding</i>                           |                |                |                |                |                |
| Capital receipts                         | 181.6          | 171.8          | 134.8          | 201.6          | 220.9          |
| Retained business rates                  | 893.0          | 910.0          | 930.2          | 950.8          | 1,071.8        |
| Grants to support capital expenditure    | 208.1          | 172.5          | 5.3            | 7.4            | 12.6           |
| Borrowing                                | 545.1          | 1,351.8        | 445.9          | 433.6          | -108.8         |
| Crossrail funding sources – non-OSD      | 944.5          | 83.0           | 5.0            | 4.0            | 0.0            |
| Crossrail funding sources – OSD          | 85.3           | 29.4           | 65.1           | 34.6           | 0.0            |
| Revenue contributions                    | 174.0          | 42.0           | 148.9          | 758.3          | 1,004.0        |
| Working capital and reserves movements   | -298.7         | -53.9          | 217.3          | -484.8         | -294.7         |
| <b>Total funding</b>                     | <b>2,732.9</b> | <b>2,706.7</b> | <b>1,952.6</b> | <b>1,905.5</b> | <b>1,905.8</b> |

OSD - Over Station Development

**Table 3: TfL - Capital financing costs**

| Capital financing costs         | 2020-21<br>£m | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m |
|---------------------------------|---------------|---------------|---------------|---------------|
| <b>TfL</b>                      |               |               |               |               |
| Provision for repayment of debt | 26.3          | 26.3          | 26.3          | 26.3          |
| External interest               | 495.4         | 556.1         | 575.4         | 568.2         |
| <b>TfL Total</b>                | <b>521.7</b>  | <b>582.4</b>  | <b>601.7</b>  | <b>594.5</b>  |

**Tables 4 and 5: TfL - Borrowing limits**

| Authorised limit for external debt | Current Approval<br>2019-20<br>£m | Revised Approval<br>2019-20<br>£m | Proposed<br>2020-21<br>£m | Proposed<br>2021-22<br>£m | Proposed<br>2022-23<br>£m | Proposed<br>2023-24<br>£m |
|------------------------------------|-----------------------------------|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>TfL</b>                         |                                   |                                   |                           |                           |                           |                           |
| Borrowing                          | 13,494.0                          | 13,449.3                          | 14,029.3                  | 14,529.3                  | 15,029.3                  | 15,026.6                  |
| Long term liabilities              | 409.4                             | 408.7                             | 415.8                     | 389.3                     | 363.1                     | 313.9                     |
| <b>TfL Total</b>                   | <b>13,903.4</b>                   | <b>13,858.0</b>                   | <b>14,445.1</b>           | <b>14,918.6</b>           | <b>15,392.4</b>           | <b>15,340.5</b>           |

| Operational boundary for external debt | Current Approval<br>2019-20<br>£m | Revised Approval<br>2019-20<br>£m | Proposed<br>2020-21<br>£m | Proposed<br>2021-22<br>£m | Proposed<br>2022-23<br>£m | Proposed<br>2023-24<br>£m |
|--|-----------------------------------|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>TfL</b>                             |                                   |                                   |                           |                           |                           |                           |
| Borrowing                              | 12,113.00                         | 11,812.27                         | 11,812.27                 | 11,812.27                 | 11,812.27                 | 11,812.27                 |
| Long term liabilities                  | 460.4                             | 639.7                             | 639.7                     | 639.7                     | 639.7                     | 639.7                     |
| <b>TfL Total</b>                       | <b>12,573.4</b>                   | <b>12,452.0</b>                   | <b>12,452.0</b>           | <b>12,452.0</b>           | <b>12,452.0</b>           | <b>12,452.0</b>           |



**Table 2: LLDC - Draft capital spending plan**

| Draft capital plan                           | Forecast     | Budget       | Plan         | Plan        | Plan        |
|--|--------------|--------------|--------------|-------------|-------------|
|  | Outturn      |              |              |             |             |
|  | 2019-20      | 2020-21      | 2021-22      | 2022-23     | 2023-24     |
|  | £m           | £m           | £m           | £m          | £m          |
| <i>Expenditure</i>                           |              |              |              |             |             |
| East Bank                                    | 83.7         | 195.3        | 142.5        | 13.5        | 2.5         |
| Development                                  | 26.0         | 20.5         | 17.6         | 30.4        | 12.2        |
| Stadium                                      | 12.1         | 14.5         | 3.5          | 2.9         | 2.9         |
| Park and Venues                              | 5.7          | 7.4          | 2.7          | 3.8         | 1.9         |
| Regeneration                                 | 0.3          | 0.5          | 0.4          | 0.1         | 0.2         |
| Finance, Commercial and Corporate Services   | 3.0          | 1.9          | 1.6          | 1.5         | 1.4         |
| Corporation Tax and Contingency              | 7.2          | 4.0          | 2.8          | 2.9         | 3.5         |
| BBC/UAL loan*                                | 0.0          | 35.0         | 42.5         | 2.1         | -3.4        |
| Other  | 7.9          | 0.0          | 0.0          | 0.0         | 0.0         |
| <b>Total expenditure</b>                     | <b>145.9</b> | <b>279.1</b> | <b>213.6</b> | <b>57.2</b> | <b>21.2</b> |
| <i>Funding</i>                               |              |              |              |             |             |
| Capital receipts                             | 30.7         | 26.0         | 39.8         | 33.0        | 6.4         |
| Capital grants and third-party contributions | 36.1         | 74.6         | 46.6         | 14.9        | 13.1        |
| Borrowing                                    | 61.5         | 102.7        | 36.1         | -2.0        | -5.7        |
| GLA grant                                    | 17.6         | 75.8         | 91.1         | 11.3        | 7.4         |
| <b>Total funding</b>                         | <b>145.9</b> | <b>279.1</b> | <b>213.6</b> | <b>57.2</b> | <b>21.2</b> |

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

**Table 3: LLDC - Capital financing costs**

| Capital financing costs | 2020-21     | 2021-22     | 2022-23     | 2023-24     |
|-------------------------|-------------|-------------|-------------|-------------|
|                         | £m          | £m          | £m          | £m          |
| <b>LLDC</b>             |             |             |             |             |
| External interest       | 13.0        | 15.1        | 15.6        | 15.5        |
| <b>LLDC Total</b>       | <b>13.0</b> | <b>15.1</b> | <b>15.6</b> | <b>15.5</b> |

**Tables 4 and 5: LLDC - Borrowing limits**

| <b>Authorised limit for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|   | <b>2019-20</b>          | <b>2019-20</b>          | <b>2020-21</b>  | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>LLDC</b>                               |                         |                         |                 |                 |                 |                 |
| Borrowing                                 | 500.0                   | 500.0                   | 520.0           | 520.0           | 520.0           | 520.0           |
| <b>LLDC Total</b>                         | <b>500.0</b>            | <b>500.0</b>            | <b>520.0</b>    | <b>520.0</b>    | <b>520.0</b>    | <b>520.0</b>    |

| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|   | <b>2019-20</b>          | <b>2019-20</b>          | <b>2020-21</b>  | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>LLDC</b>                                   |                         |                         |                 |                 |                 |                 |
| Borrowing                                     | 490.0                   | 490.0                   | 520.0           | 520.0           | 520.0           | 520.0           |
| <b>LLDC Total</b>                             | <b>490.0</b>            | <b>490.0</b>            | <b>520.0</b>    | <b>520.0</b>    | <b>520.0</b>    | <b>520.0</b>    |



## GLA Group Savings and Collaboration

### Shared services and collaboration across the GLA Group and with external partners

The GLA has set a clear strategic direction for all organisations in the GLA Group – delivering efficiency and value through collaboration. 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; some of the arrangements include – amongst others – 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.

In order to identify and deliver further efficiencies across the GLA Group back office functions, there is a collaboration programme overseen by the GLA Group Collaboration Board. The Board has senior executive representatives from across the GLA Group and; also from the London Ambulance Service and London Councils. At present the Board oversees, and gives strategic direction, to the following Working Groups: Information Technology; Estate and Facilities Management; Procurement; Human Resources; and Finance and other Professional Services.

Current initiatives include developing a Group-wide longer-term accommodation strategy and establishing a central executive search team for senior staff and board appointments. Also, as part of its Chief Officer's transformation programme, the GLA is considering the feasibility and benefits of the potential delivery of GLA HR and IT services through shared service arrangements with TfL. The GLA currently provides a range of these services to both itself and to other GLA Group members.

### The GLA Group Investment Syndicate (GIS)

The GLA has established a Group Investment Syndicate (GIS) across the whole of the GLA Group (excluding TfL but including the London Pensions Fund Authority). The GIS makes collective decisions on the Syndicate's c£4 billion of investments and c£5.5 billion of borrowings. The GIS has been able to generate significant additional income from investments, without undertaking greater risk, and optimise borrowing decisions across the Group through economies of scale. It also provides a more resilient function for the Group, than was available individually. The GIS platform is being developed to enable other parts of London government to enjoy these benefits.

### The GLA Group collaborative procurement function

The GLA Group Collaborative Procurement Team (CPT) manages the common and low complexity procurement expenditure on indirect categories (i.e. goods and services purchased for internal use) for the GLA and its functional bodies. Since 2015-16, there has been a 23 per cent reduction in spend on indirect categories, a 36 per cent reduction across those categories managed by CPT and an 8 per cent reduction across categories currently outside of its scope. Work is currently underway to expand the scope of the CPT.



### **Business rates and council tax maximisation programmes**

The GLA seeks to maximise income from council tax and business rates revenues – including the Crossrail business rate supplement – in partnership with the 33 local billing authorities which collectively are expected to generate over £3.7 billion of revenues for services across the GLA Group in 2020-21. The Mayor has approved support to property inspection work and related activities in order to maximise the accuracy of the council tax and business rates valuation list up to March 2020 and it is intended that this support will continue in 2020-21 and beyond. All 33 London billing authorities are eligible for funding from the GLA for this work.

Separate projects are also in place with a number of billing authorities to support work to tackle arrears and ensure that properties incorrectly excluded from local rating lists are reported to the Valuation Office Agency (VOA).

The estimated £5.0 million cost of these projects in 2020-21 – which has been increased compared to 2019-20 to address the financial risks associated with the planned reforms to the business rates retention system and the business rates revaluation expected in April 2021 – is expected to be recovered many times over in terms of the additional business rates and council tax income generated. 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 2020-21, in council tax, non-domestic rates and through the Crossrail business rates supplement across the capital.

### **Summary of other key shared service arrangements**

Other key arrangements – amongst the many that the GLA and functional bodies have entered into – are set out below. All deliver cashable savings and/or efficiency gains:

- **TfL Legal Services:** TfL Legal provides the full suite of legal services to the GLA, MOPAC, LLDC and OPDC;
- **MOPAC Audit Function:** MOPAC provide internal audit services to the GLA, LFC, LLDC and OPDC;
- **GLA Shared HR:** The GLA provides HR services for MOPAC and OPDC;
- **GLA Shared IT:** The GLA Technology Group provides the IT Service for MOPAC and OPDC and from 2020-21, LLDC;
- **GLA Committee Services:** The GLA provides a full committee support service for the boards and committees of LFC, TfL, LLDC and OPDC; and
- **LFC Accommodation:** LFC shares part of its Union Street office space with the London Pensions Fund Authority, the GLA and OPDC.

It is also important to recognise collaboration and the sharing of services beyond the Group. Examples include collaboration between TfL and London boroughs, the MPS and other police forces and between the GLA and the City of Westminster in respect of facilities management.

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### Savings and efficiencies across the GLA Group

The total savings and efficiencies to 2023-24 which have been identified across the Group are summarised below. The figures are presented on an incremental basis and do not include any savings still to be identified.

| Savings and efficiencies | 2020-21      | 2021-22      | 2022-23      | 2023-24     |
|--------------------------|--------------|--------------|--------------|-------------|
|                          | £m           | £m           | £m           | £m          |
| GLA: Mayor               | 7.3          | 2.0          | 2.0          | 2.0         |
| GLA: London Assembly     | 0.0          | 0.0          | 0.0          | 0.0         |
| MOPAC                    | 2.9          | 50.2         | 28.0         | 0.0         |
| LFC                      | 3.4          | -0.3         | 1.7          | 0.8         |
| TfL                      | 133.4        | 89.8         | 121.4        | 86.5        |
| LLDC                     | 2.0          | 6.6          | 0.9          | -0.3        |
| OPDC                     | 3.1          | 0.0          | 0.0          | 0.0         |
| <b>Total</b>             | <b>152.1</b> | <b>148.3</b> | <b>154.0</b> | <b>89.0</b> |

The table below sets out the savings to be identified within the budgets of each of the GLA Group functional bodies. The figures reflect the additional savings, or alternatively income, required in order to balance the budget in each year of the period, based on current planning assumptions.

| Savings to be identified | 2020-21    | 2021-22      | 2022-23      | 2023-24      |
|--------------------------|------------|--------------|--------------|--------------|
|                          | £m         | £m           | £m           | £m           |
| GLA: Mayor               | 0.0        | 0.0          | 0.0          | 0.0          |
| GLA: London Assembly     | 0.0        | 0.5          | 0.5          | 0.8          |
| MOPAC                    | 0.0        | 286.5        | 446.3        | 479.6        |
| LFC                      | 0.0        | 6.9          | 28.9         | 27.1         |
| TfL                      | 0.0        | 0.0          | 0.0          | 0.0          |
| LLDC                     | 0.0        | 2.1          | 1.8          | 1.8          |
| OPDC                     | 0.0        | 0.0          | 0.0          | 0.0          |
| <b>Total</b>             | <b>0.0</b> | <b>296.0</b> | <b>477.5</b> | <b>509.3</b> |

## 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 2020-21.

|                             | 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                                    |
| <b>MOPAC</b>                | <b>3,812.0</b>    | <b>0.0</b>      | <b>-270.0</b>        | <b>3,542.0</b>                         | <b>-51.9</b>    | <b>3,490.1</b>                        |
| GLA: Mayor                  | 1,722.9           | 0.0             | -275.1               | 1,447.8                                | -107.2          | 1,340.6                               |
| GLA: Assembly               | 8.4               | 0.0             | 0.0                  | 8.4                                    | 0.2             | 8.6                                   |
| LFC                         | 486.0             | 0.0             | -39.8                | 446.2                                  | -13.7           | 432.5                                 |
| TfL                         | 7,147.5           | -5,123.5        | -1,044.7             | 979.3                                  | 0.0             | 979.3                                 |
| LLDC                        | 65.7              | 0.0             | -28.2                | 37.5                                   | -4.9            | 32.6                                  |
| OPDC                        | 8.6               | 0.0             | -0.8                 | 7.8                                    | 0.0             | 7.8                                   |
| <b>Total other services</b> | <b>9,439.1</b>    | <b>-5,123.5</b> | <b>-1,388.7</b>      | <b>2,927.0</b>                         | <b>-125.6</b>   | <b>2,801.4</b>                        |
| <b>Total GLA Group</b>      | <b>13,251.1</b>   | <b>-5,123.5</b> | <b>-1,658.7</b>      | <b>6,468.9</b>                         | <b>-177.5</b>   | <b>6,291.5</b>                        |

Note: GLA Mayor figures include expenditure on group items, as set out in Table 2 in Appendix A

### Council tax requirement and Band D council tax

|                             | Net Expenditure after use of reserves | Specific Government grants | General Government grants | Business rates | Council tax requirement | Band D amount |
|-----------------------------|---------------------------------------|----------------------------|---------------------------|----------------|-------------------------|---------------|
|                             | £m                                    | £m                         | £m                        | £m             | £m                      | £             |
| <b>MOPAC</b>                | <b>3,490.1</b>                        | <b>580.7</b>               | <b>2,059.9</b>            | <b>95.0</b>    | <b>754.5</b>            | <b>246.98</b> |
| GLA Mayor                   | 1,340.6                               | 311.0                      | 0.0                       | 962.0          | 67.6                    | 22.07         |
| GLA Assembly                | 8.6                                   | 0.0                        | 0.0                       | 5.9            | 2.6                     | 0.86          |
| LFC                         | 432.5                                 | 33.2                       | 0.0                       | 230.7          | 168.6                   | 55.05         |
| TfL                         | 979.3                                 | 5.0                        | 0.0                       | 968.2          | 6.0                     | 1.96          |
| LLDC                        | 32.6                                  | 0.0                        | 0.0                       | 32.6           | 0.0                     | 0.00          |
| OPDC                        | 7.8                                   | 0.0                        | 0.0                       | 7.8            | 0.0                     | 0.00          |
| <b>Total other services</b> | <b>2,801.4</b>                        | <b>349.3</b>               | <b>0.0</b>                | <b>2,207.2</b> | <b>244.8</b>            | <b>79.94</b>  |
| <b>Total GLA Group</b>      | <b>6,291.5</b>                        | <b>930.0</b>               | <b>2,059.9</b>            | <b>2,302.2</b> | <b>999.4</b>            | <b>326.92</b> |

### 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; and
- each body's share of the council tax precept.

The forecast 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<br>(financing requirement) | Budget         | Plan           | Plan           | Plan           |
|--|----------------|----------------|----------------|----------------|
|  | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
|  | £m             | £m             | £m             | £m             |
| GLA Mayor  | 1,340.6        | 451.9          | 455.8          | 456.8          |
| GLA Assembly                                       | 8.6            | 8.2            | 8.4            | 8.4            |
| MOPAC  | 3,490.1        | 3,453.4        | 3,465.6        | 3,550.1        |
| LFC  | 432.5          | 419.1          | 427.9          | 437.0          |
| TfL  | 979.3          | 996.7          | 1,014.6        | 932.8          |
| LLDC   | 32.6           | 27.3           | 27.1           | 26.8           |
| OPDC   | 7.8            | 7.8            | 7.8            | 7.8            |
| <b>Net revenue expenditure</b>                     | <b>6,291.5</b> | <b>5,364.5</b> | <b>5,407.1</b> | <b>5,419.9</b> |

Note: GLA Mayor figures include Group Items, future years do not include estimates of tariff or levy payments, as business rates retention reforms are expected to be implemented from 2021-22 onwards.

### Retained business rates funding

The table below sets out the provisional allocation of retained business rates by the Mayor for services across the GLA Group 2020-21, reflecting current assumptions on the financial impact of London's expected 67 per cent business rates retention pool. It excludes the estimated tariff and levy payments the GLA will make to the Government through the London pool. Appendix I outlines the assumptions made in more detail for 2020-21 and subsequent years, having regard to the uncertainty associated with the structure of the business rates retention system from April 2021 onwards.

The allocations for 2020-21 are indicative and will be reviewed before the Mayor's final draft budget to take into account the forecasts submitted by the 33 London billing authorities due by 31 January 2020 adjusted to reflect the distribution mechanism agreed between the GLA and the 33 London billing authorities for the pool. In the short term the GLA could manage any volatility arising from these forecasts through the GLA's business rates reserve.

**Proposed allocation of retained business rates income in 2020-21**

|              | GLA<br>Mayor<br>£m | GLA<br>Assembly<br>£m | TfL<br>£m      | LFC<br>£m    | MOPAC<br>£m | LLDC<br>£m  | OPDC<br>£m | Total<br>£m    |
|--------------|--------------------|-----------------------|----------------|--------------|-------------|-------------|------------|----------------|
| Core funding | 85.6               | 5.9                   | 1,878.2        | 230.7        | 95.0        | 32.6        | 7.8        | 2,335.8        |
| <b>Total</b> | <b>85.6</b>        | <b>5.9</b>            | <b>1,878.2</b> | <b>230.7</b> | <b>95.0</b> | <b>32.6</b> | <b>7.8</b> | <b>2,335.8</b> |

**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 budget also take account of the assumed £12.2 million collection fund surplus in respect of council tax for 2019-20 which would be paid over by billing authorities through an adjustment to their 2020-21 precept instalments to the GLA.

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

| Council tax requirement for police services                        | Revised Budget 2019-20<br>£m | Budget 2020-21<br>£m | Plan 2021-22<br>£m | Plan 2022-23<br>£m | Plan 2023-24<br>£m |
|--|------------------------------|----------------------|--------------------|--------------------|--------------------|
| Net financing requirement  | 3,481.0                      | 3,490.1              | 3,453.4            | 3,465.6            | 3,550.1            |
| Government grants, council tax surplus and retained business rates | -2,755.8                     | -2,735.6             | -2,668.4           | -2,648.9           | -2,710.4           |
| <b>Amount for police services</b>                                  | <b>725.2</b>                 | <b>754.5</b>         | <b>785.0</b>       | <b>816.7</b>       | <b>839.7</b>       |

This is equivalent to a Band D element for police services of £246.98 for 2020-21 in the 32 London boroughs (£242.13 for 2019-20).

### Council tax requirement for other services

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

| Council tax requirement for other services                                      | Revised Budget 2019-20<br>£m | Budget 2020-21<br>£m | Plan 2021-22<br>£m | Plan 2022-23<br>£m | Plan 2023-24<br>£m |
|---|------------------------------|----------------------|--------------------|--------------------|--------------------|
| GLA, LFC, LLDC, OPDC and TfL net expenditure                                    | 1,918.5                      | 2,801.4              | 1,911.1            | 1,941.3            | 1,869.9            |
| Government grants, ctax surplus, retained business rates and use of MDC reserve | -1,683.1                     | -2,556.6             | -1,656.3           | -1,676.3           | -1,597.5           |
| <b>Amount for other services</b>  | <b>235.4</b>                 | <b>244.9</b>         | <b>254.7</b>       | <b>265.0</b>       | <b>272.5</b>       |

This is equivalent to a Band D element for other services of £79.94 for 2020-21 in the 32 London boroughs (£78.38 for 2019-20). 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 Band D charge will be allocated to the London Fire Commissioner.

### Summary of proposed adjusted and unadjusted council tax by Band

The proposed adjusted basic amount of council tax is therefore £326.92 for a Band D property (i.e. £246.98 for the Mayor's Office of Policing and Crime plus £79.94 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          | 2020-21        | 2019-20        | Change       |
|---------------|----------------|----------------|--------------|
| Band A        | £217.95        | £213.67        | £4.28        |
| Band B        | £254.27        | £249.29        | £4.98        |
| Band C        | £290.60        | £284.90        | £5.70        |
| <b>Band D</b> | <b>£326.92</b> | <b>£320.51</b> | <b>£6.41</b> |
| Band E        | £399.57        | £391.73        | £7.84        |
| Band F        | £472.22        | £462.96        | £9.26        |
| Band G        | £544.87        | £534.18        | £10.69       |
| Band H        | £653.84        | £641.02        | £12.82       |

The proposed unadjusted basic amount of council tax is £79.94 – this is the specific 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 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 (£)**

| <b>Band</b>   | <b>2020-21</b> | <b>2019-20</b> | <b>Change</b> |
|---------------|----------------|----------------|---------------|
| Band A        | £53.29         | £52.25         | £1.04         |
| Band B        | £62.18         | £60.96         | £1.22         |
| Band C        | £71.06         | £69.67         | £1.39         |
| <b>Band D</b> | <b>£79.94</b>  | <b>£78.38</b>  | <b>£1.56</b>  |
| Band E        | £97.70         | £95.80         | £1.90         |
| Band F        | £115.47        | £113.22        | £2.25         |
| Band G        | £133.23        | £130.63        | £2.60         |
| Band H        | £159.88        | £156.76        | £3.12         |

### **Council tax referendum thresholds**

The Government published the 2020-21 draft council tax referendum principles for the GLA's unadjusted amount only alongside the provisional local government finance settlement on 20 December 2019.

The Government had not yet provided any indication of its intention in relation to the principles for local policing bodies at the date this draft budget was published. In the absence of any indication of the threshold for the police element of the precept, the Mayor has assumed a threshold of 2 per cent will apply, in line with the Home Office expectation originally set out in the Spending Review 2015. A final decision on the proposed precept levels for 2020-21 will be taken by the Mayor once the draft referendum principles for policing and the provisional police settlement have been published by the Government.

The adjusted and unadjusted amounts of council tax proposed in this draft budget are both lower than the council tax referendum thresholds the GLA estimates, on the basis of the above assumptions, will apply for 2020-21 (i.e. £326.93 - a 2 per cent in the adjusted amount for 2019-20 of £320.51 and £79.95 - a 2 per cent increase on the unadjusted amount for 2019-20 of £78.38). The council tax levels proposed in this draft budget by the Mayor would therefore not trigger a council tax referendum in the 32 London boroughs and the area of the Common Council of the City of London, based on the published council tax referendum principle for the unadjusted amount and the assumed principle for the adjusted amount.

The Mayor's final draft budget proposals will contain a formal determination by the Mayor regarding compliance with the council tax referendum thresholds, as required by the relevant legislation, and will have regard to the implications of the wording of the final referendum principles report.

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## Funding Assumptions

### Introduction

This Appendix sets out the assumptions underpinning the main funding sources for the 2020-21 budget; it reflects the uncertainty caused by the delay to the announcement of the provisional settlements for both local government and fire services, and policing, as a result of the general election. It also highlights the lack of certainty for the years beyond 2020-21 ahead of the multi-year spending review, due to take place in 2020 and the implementation of the local government fair funding review and business rates retention system reforms including the resetting of business rates growth expected from 2021-22 onwards.

### 2020-21 Local Government and Fire Finance Settlements

The provisional 2020-21 local government finance and fire settlement was published on 20 December 2019 and was subject to a four-week consultation process which ended on 17 January 2020. Allocations will be confirmed by the Government in the final local government finance settlement which is expected to be approved by the House of Commons by the middle of February. The provisional settlement was delayed until after the general election; as a result, the Government has failed in both 2018 and 2019 to meet the recommendation the Hudson review of governance and processes to publish the provisional settlement on or around 5 December.

The provisional local government settlement made no substantive changes from the proposals set out in the Government's consultation on technical issues associated with the 2020-21 settlement, published in October 2019. Baseline funding levels for the GLA in 2020-21 within the rates retention system will increase by 1.63 per cent, compared to 2019-20 levels, in line with the change in the small business rates multiplier which moves broadly in line with the CPI level of inflation from the September preceding the financial year. All former fire and rescue, GLA general funding and TfL's former DfT operating and investment grants, together with MOPAC's share of prior year council tax freeze grants, will continue to be provided through the GLA's retained business rates funding baseline in 2020-21. The Mayor also allocates additional retained business rates income to fund policing, significantly above the baseline level set out in the Government's funding settlement

### 2020-21 Home Office Police Grant Settlement

The Home Office wrote to the Chair of the National Police Chiefs' Council and the Chair of the Association of Police and Crime Commissioners on 19 November 2019 confirming that the provisional police settlement would not be announced until January 2020. At the time of publication of this document, the provisional settlement had not yet been published.

The provisional settlement generally includes allocations for the Home Office Police Grant and police formula grant (formerly paid by MHCLG), 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.

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In the Spending Round the Government announced an additional £750 million in funding for 2020-21, to support the recruitment of up to 6,000 police officers in England and Wales. In addition, £45 million of additional funding was announced for 2019-20 to begin recruiting officers, albeit part of this funding is expected to be retained by the Home Office to fund its central administrative costs including advertising. Subsequently in October 2019, the Home Office announced a first-year recruitment target of 1,369 officers for the Metropolitan Police, from the national total of 6,000. The Government has stated that funding for recruitment in 2020-2021 will cover all associated costs, including training and kit. The MPS has been allocated £6.6 million to begin recruiting these officers in 2019-20. This falls short of the total cost associated with an additional 500 officers which the MPS intend to recruit this year, which is estimated at approximately £11.6 million.

However, the Government has yet to announce the funding allocations of the £750 million total for individual police forces to meet these recruitment targets in 2020-21.

No announcement has yet been made either on the council tax referendum thresholds for local policing bodies for 2020-21. The MHCLG technical consultation on the local government finance settlement in October stated that a proposal for police precept referendum limits will be set out in the provisional police funding settlement.

In the 2019-20 budget the Mayor allocated £118.6 million in business rates to MOPAC in order to secure funding for 1,000 more officers than would otherwise be affordable in 2020-21 and 2021-22; equivalent to £59.3 million in each year. This decision was based on the assumption that there could be a two-year lag in the GLA receiving income relating to business rates growth for future financial years from April 2020 onwards, based on proposals for potential reforms to the business rates retention system being considered by the Government. As the reforms have been delayed until 2021-22, the GLA will continue to receive business rates growth for 2020-21 in year but this two-year time lag remains a potential feature of the retention system post April 2021.

Therefore, the Mayor will allocate £59.3 million through business rates to MOPAC in 2020-21 to fund the commitment on 1,000 officers. MOPAC will also continue to retain the £118.6 million allocated in 2019-20 in earmarked reserves for future years, pending confirmation of future business rates retention arrangements.

### **Transport for London funding agreement with the Department for Transport**

In 2020-21, the GLA's retained business rates funding baseline is assumed to continue to include £1,010 million in respect of the investment grant formerly paid by the Department for Transport (DfT). However, the Mayor has agreed that TfL can temporarily top-slice this sum by £100 million to help manage pressures on its revenue budget. Following an agreement between the Mayor and the Secretary of State in March 2017, this grant has been funded since 2017-18 through retained business rates. 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.

The business rates allocation to TfL for 2020-21 is in line with the final year of TfL's Spending Review settlement. The Government has not yet confirmed any funding levels for TfL – including for capital investment – within the rates retention system beyond April 2021.

The grant previously paid to TfL for London Overground Rail Operations Ltd (LOROL) will no longer be paid from 2020-21. TfL receives other revenue and capital specific grants for specific programmes and projects which are agreed and paid separately including Crossrail.

### **Funding assumptions for retained business rates in 2020-21**

The MHCLG technical consultation on the 2020-21 settlement in October stated that the 75 per cent business rates retention pilots agreed for 2019-20 will finish at the end of March 2020 and there will be no further pilot arrangements for 2020-21 with the exception of those areas with local devolution agreements where the 100 per cent pilots which have been in place since 2017-18 will continue (i.e. the majority of Mayoral combined authorities outside London and Cornwall).

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 revenue support grant and TfL's capital investment grant were also rolled into its funding baseline. These arrangements are expected to continue for 2020-21 and London government will return to the 67 per cent business rates retention scheme in operation during the 2017-18 financial year, before the 100 per cent and 75 per cent pilots in 2018-19 and 2019-20 respectively were introduced. The GLA will receive 37 per cent of business rates income in 2020-21 and the 33 London billing authorities 30 per cent prior to the tariff (the sums by which the estimated business rates baseline excluding growth exceeds the settlement funding baseline in London) and levy on growth payments due to the Government which are applied to support local services elsewhere in England. The remaining 33 per cent will be paid to central government via the central share.

All authorities previously members of the London pool (the 32 London boroughs, the Corporation of the City of London and the GLA), have agreed to continue to participate in the pool for 2020-21. Each authority will formally confirm its participation through local approval processes; the GLA's participation will be approved via a Mayoral Decision, in February 2020.

It is forecast that London Government will pay a collective tariff in 2020-21 to MHCLG – the sum by which its estimated 67 per cent business rates retention income exceeds London's aggregate baseline funding – of almost £1.1 billion (of which £813 million relates to the GLA's notional share) and a central share payment (the 33 per cent element not retained locally which is thus payable to the Government) of just under £3 billion. These sums will both be applied to support local government services across the rest of England. The tariff payment was set out in the provisional local government finance settlement and the central share payment will be confirmed once the 33 billing authorities have confirmed their forecast business rates revenues at the end of January.

In addition to the reduction in the locally retained share from 75 per cent to 67 per cent, the other major change compared to 2019-20 is that the levy on business rates growth will be reinstated following the ending of the pilot. This collective levy payment to MHCLG before pooling is estimated on current forecasts to be just under £120 million in 2020-21. This represents foregone income for London Government via the business rates retention system which is redirected to support local services elsewhere in England. The financial benefit from pooling arises primarily because the collective levy percentage rate and thus the aggregate levy payment is expected to be lower than if the GLA and the 33 local authorities operated within the business rates retention system individually.

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.

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

As a result of the lower level of retention in 2020-21, the Mayor, Leaders or elected Mayors of the 32 London Boroughs, the Corporation of London and London Councils have agreed not to continue funding the London-wide Strategic Investment Pot. Instead, it has been agreed that the additional income retained specifically as a result of the financial benefit arising from pooling, will be shared amongst the 33 billing authorities only. The GLA will continue to retain the growth above the business rates baseline from its 37 per cent share subject to its contribution to the overall levy payment on growth and it retains the additional benefit it receives from this higher percentage retention level.

London authorities will continue to receive grants from MHCLG (known as section 31 grants) in respect of Government initiatives and policy changes which reduce the level of business rates income, such as the ongoing impact of the change to the annual uprating of the NNDR multiplier from RPI to CPI made in April 2018, the increased thresholds for, and the continued doubling of, small business rate relief, and the discount for retailers and related businesses occupying premises with a rateable value below £51,000 which will be increased from 33 per cent to 50 per cent from April 2020. These grants will continue to be paid directly to the GLA in respect of its retained business rates share outside of the London pool. In the absence of further details, it is assumed at this stage that the ongoing cost of these reliefs will continue to be fully funded by the Government in, and beyond, 2020-21.

The GLA's estimated income from the pool in 2020-21 will be confirmed in the Mayor's final draft budget taking into account the statutory forecasts of business rates income provided by the 33 local authorities at the end of January 2020.

### **Council tax assumptions**

Each London billing authority is required to determine its council tax base for 2020-21 by 31 January 2020, 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 Mayor's consultation budget assumes an increase in the council taxbase of 2 per cent in 2020-21, compared to the 2019-20 taxbase. Billing authorities are also required to provide an estimated collection fund surplus or deficit outturn calculation for 2019-20 for council tax, taking into account expected collection rates and other changes since their taxbases were set in January 2019.

The Mayor's budget assumes that the overall Band D council tax charge for the GLA will increase by £6.41 or just under 2 per cent in 2020-21, compared to the 2019-20 level. This level of increase applies to the precept for the 32 London Boroughs (the adjusted basic amount of council tax). The separate Band D charge for the City of London (the unadjusted amount of council tax), which is outside the Metropolitan Police District and has its own police force, is proposed to increase by £1.56 or 1.99 per cent.

Both the adjusted and unadjusted amount of council tax are based on the assumption that a referendum threshold of 2 per cent will apply to both elements of the GLA's precept. These increases would therefore represent the maximum increases permitted without triggering a referendum, were the Government to set the referendum threshold at 2 per cent for both amounts.

The decision to increase both the policing and non-policing elements of the precept reflects the continuing funding pressures faced by the Metropolitan Police and the London Fire Brigade in future years. The Government published the referendum principles for the unadjusted element of the GLA's precept and other local government bodies alongside the provisional settlement. Once the draft referendum principles for policing are published by the Government, the Mayor will take account of these in proposing the council tax amounts in his final draft budget.

### **Funding levels from 2021-22 onwards**

The technical consultation on the 2020-21 settlement, published by MHCLG in October 2019, confirmed the Government would delay the planned implementation of reforms to local government finance until 2021-22, including the planned full reset of business rates retention baselines. This latter change is expected to remove much of the business rates growth achieved locally since 2013-14 and redistribute this in line with the Government's estimates of spending need, taking into account the impact of the multi-year spending review and fair funding review.

There are three main elements to the proposed reforms to the business rates retention and wider funding system in addition to the reset: increasing the proportion of business rates retained by the sector potentially to 75 per cent; reforms to the business rates retention system to increase stability and certainty which may alter the basis on which growth is calculated and the timing of when it is paid; and a review of the funding formula which will affect baseline funding levels, tariff and top up payments and levy rates on growth. The consultation stated that the Government has decided to delay the reforms until 2021-22 in order to allow enough time to engage and consult on each area, before final decisions are made.

There is also expected to be a revaluation of all non-domestic premises in England introduced 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. The Government also committed in its manifesto to undertake a fundamental review of business rates as a tax including potentially reducing the overall burden on ratepayers although it is unclear when any recommendations arising from this review will be implemented.

In addition, the Government was expected to conduct a multi-year Spending Review over the summer of 2019. However, in August 2019, the Chancellor of the Exchequer, Sajid Javid, confirmed the review would only cover the next financial year. Subsequently the Government's spending plans for 2020-21 were published in Spending Round 2019 on 4 September. The Chancellor confirmed it was the Government's intention that a full multi-year spending review would take place in 2020, setting out allocations for 2021-22 and beyond. The delay to both the multi-year spending review and the local government finance reforms means there is 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 2021-22 onwards.

### **Conclusion**

The delay to the provisional local government, fire and police funding settlements, including publication of the draft referendum thresholds, as a result of the general election on 12 December, means there is currently considerable uncertainty in developing the draft budget for 2020-21. Allocations of retained business rates are based on prudent forecasts of business rates growth for 2020-21; actual levels of income will be confirmed once the returns estimating their forecast revenues for 2020-21 are received from the 33 local billing authorities in late January 2020. Similarly, final allocations of council tax income for 2020-21 including the Band D amounts, will be reviewed and updated to reflect the draft referendum principles announced by the Government and the final taxbase figures supplied by billing authorities in January 2020.

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## Budget timetable and key dates

| Date             | Description  |
|------------------|--|
| 29 January 2020  | Mayor to present his draft consolidated budget to the London Assembly.   |
| 24 February 2020 | Mayor to present his final draft consolidated budget to the London Assembly.   |
| 28 February 2020 | Statutory deadline for the Mayor to approve the final Capital Spending Plan for 2020-21 and notify the Secretary of State for Housing, Communities and Local Government.   |
| 31 March 2020    | 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. |

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## Summary of changes compared to the Consultation Budget

This list addresses material changes to the budget compared to the consultation document and does not include minor typographical or wording changes, to improve clarity, which do not affect the substance of the budget proposals. Consequential changes in summary tables made as a result of the substantive changes identified below are not set out separately. Paragraph references relate to the numbering in this document, not the budget consultation document.

### Throughout the document

Text revised to reflect impact of the provisional settlement for local government and draft referendum principle for the unadjusted element of the GLA precept, details of which were announced after the Budget Consultation document was published in December 2019. Text also revised to reflect ongoing delay, at the time of writing, in the announcement of the provisional police settlement and referendum principle for the adjusted element of the GLA precept.

Figures for overall retained business rates income and GLA Group expenditure have also been amended, to include estimates of tariff and levy payments to MHCLG.

### Mayor's Foreword

Deleted – superseded by Mayor's Background Statement in Part 1.

### Section 2: Greater London Authority – Mayor of London

Paragraph 2.6 - objective table of planned spending updated to reflect revised GLA directorate structure.

### Section 5: London Fire Commissioner

Paragraph 5.11 - text added on LFC's Transformation Programme.

### Section 9: Capital Strategy

Text added on impact of increasing officer numbers on capital expenditure for Metropolitan Police Service's estates programme.

### Appendix I: Funding Assumptions

Text on funding assumptions for retained business rates for 2020-21 revised, to confirm continuation of London pool, with individual authorities making formal approvals through local decision-making processes.

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## Other formats and languages

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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 নিচের ফোন 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 اس دستاویز کی نقل اپنی زبان میں  
چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر  
پر فون کریں یا دیئے گئے پتے پر رابطہ 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.



GREATER**LONDON**AUTHORITY