

Part 2

Final Draft

Consolidated Budget

2021-22

Explanation of Proposals

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Introduction and Overview

- 1.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and the London Assembly in delivering their respective responsibilities and functions. The GLA's five functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC), overseeing the work of the Metropolitan Police Service (MPS); the London Fire Commissioner (LFC); Transport for London (TfL); the London Legacy Development Corporation (LLDC) and the Old Oak and Park Royal Development Corporation (OPDC).
 - 1.2 The purpose of this document is to explain the Mayor's Final Draft Consolidated Budget for 2021-22 ("Final Draft Budget" / "Budget") and the GLA Group Final Draft Capital Spending Plan. The Mayor has previously consulted the London Assembly, functional bodies, London Boroughs, the Common Council of the City of London and other interested parties, such as the business community, on his budget proposals in the GLA Group Budget Proposals and Precepts 2021-22 consultation document ("Consultation Budget Document"), published in December 2020. The Draft Consolidated Budget ("Draft Budget") was subsequently published on 19 January 2021 and considered by the Assembly at its meeting on 27 January 2021. This document set out the Mayor's proposed revenue budget and draft capital spending plan for the GLA Group in 2021-22.
 - 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 recovery from the impact of COVID-19, including through the delivery of the missions set out by the London Recovery Board; these are listed in the next section of this document. The key deliverables in this Budget are set out in the relevant section for each of the constituent bodies. The impact of the pandemic has been referred to in the sections related to each functional body.
 - 1.5 The coronavirus pandemic has continued to have a detrimental impact on people's lives globally. London's economy has suffered greatly. All parts of the GLA Group have been supporting various initiatives at significant additional cost to date. The Government has not fully reimbursed the GLA Group, leaving these unmet costs as added financial pressures that weigh on this budget. In addition, there is a significant forecast loss of income from business rates and council tax. It was necessary, as set out in the Mayor's Budget Guidance, published in June 2020, to revise and repurpose both the 2020-21 and draft 2021-22 budgets to identify savings of £493 million, based on the most likely scenario of income losses.
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- 1.6 This Final Draft Budget takes into account the final council taxbases and forecast council tax deficit for 2020-21, based on the figures submitted by billing authorities to the GLA at the end of January 2021. It also allocates retained business rates income up to the safety net level guaranteed by central government. It is not considered prudent to allocate any retained business rates income beyond this level, pending confirmation of the Government's final methodology for compensating 75 per cent of irrecoverable business rates losses and the outcome of potential challenges to business rates valuations by ratepayers arising from the impact of the COVID-19 pandemic.
- 1.7 In addition, an agreement has yet to be reached with the Department for Transport (DfT) on the level of Government support relating to TfL for 2021-22, following the significant reduction in fares income as a result of the pandemic's impact on passenger numbers and economic activity.

GLA Group Capital Strategy

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

Overall gross revenue and capital expenditure of the GLA Group

- 1.9 The gross expenditure for the GLA (Mayor and Assembly) and each functional body is funded through a combination of resources directly controlled and allocated by the Mayor, primarily council tax and retained business rates income, and other sources of income, such as specific and general government grants and fares income, as well as locally raised taxes and charges, such as the congestion charge, the Crossrail Business Rate Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL).
- 1.10 Overall gross revenue and capital expenditure on a statutory basis is proposed to increase by £1,850.0 million in 2021-22 compared to the 2020-21 forecast outturn. Once allowing for the treatment of items which are included in the statutory calculations of both the GLA (Mayor and Assembly) and relevant functional bodies, overall the effective gross expenditure of the GLA Group is set to increase in 2021-22 by £967.0 million. This increase is explained principally by the funding uplift for MOPAC, both through Home Office grant and the council tax precept, of £101.4 million, and the GLA's extra agreed £825 million contribution towards the costs of Crossrail of which £760 million is expected to be paid to TfL in 2021-22 alongside increases to TfL's revenue expenditure.
- 1.11 After allowing for fares, charges, other income including locally-raised revenues for Crossrail and the planned use of reserves, gross revenue expenditure of £13,804.4 million for 2021-22 translates into net revenue expenditure to be financed from government grants, retained business rates and the council tax precept of £9,550.4 million.
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1.12 Set out below is a summary of the planned total revenue and capital expenditure of the GLA Group in 2021-22 compared to the 2020-21 forecast outturn for each body. The GLA: Mayor revenue figure in the table includes corporate items such as capital financing costs for the borrowing incurred for its contributions towards Crossrail and the Northern line extension. It also includes the GLA's estimated tariff and levy payments, which are expected to be made to the Government under the business rates retention system to support local services elsewhere in England; figures have been updated to reflect the impact of final police and local government finance settlements, as well as assessment of the impact of the updated billing authority estimates of the business rates and council tax taxbases for 2021-22 and their revised outturn forecasts for 2020-21 adjusted for spreading and for council tax an assessment of the impact of the Government's compensation scheme for 75 per cent of irrecoverable losses.

Total gross revenue and capital expenditure	Forecast	Budget	Change	Change
	Outturn			
	2020-21	2021-22		
	£m	£m	£m	%
<i>Revenue:</i>				
GLA: Mayor	1,687.1	1,742.9	55.8	3%
GLA: Assembly	7.7	8.0	0.3	4%
MOPAC	3,866.8	3,968.2	101.4	3%
LFC	492.9	489.3	-3.6	-1%
TfL	7,111.2	7,530.0	418.8	6%
LLDC	56.8	59.3	2.5	4%
OPDC	6.2	6.7	0.5	8%
Total revenue	13,228.7	13,804.4	575.7	4%
<i>Capital:</i>				
GLA: Mayor	1,679.7	2,080.7	401.0	24%
GLA: Assembly	0.0	0.0	0.0	n/a
MOPAC	333.9	385.1	51.2	15%
LFC	32.8	57.6	24.8	76%
TfL	2,080.1	2,821.5	741.4	36%
LLDC	171.5	227.4	55.9	33%
OPDC	0.0	0.0	0.0	n/a
Total capital	4,298.0	5,572.3	1,274.3	30%
Grand total revenue and capital	17,526.7	19,376.7	1,850.0	11%

Note: The above items reflect the statutory revenue and capital spending plan allocations for each body. Consequently, expenditure involving transfers between functional bodies is double-counted, as outlined above.

Council tax precept

1.13 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.

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- 1.14 A different council tax charge for GLA Group's services applies to the City of London, compared to the 32 London boroughs as it is outside the Metropolitan Police District. Council taxpayers in the City of London therefore contribute separately towards the costs of the City of London Police, rather than the Mayor's Office for Policing and Crime (MOPAC). As a result, council tax payers in the City of London pay the 'unadjusted' basic amount of council tax to the GLA (in effect the 'non-police precept'). Council tax payers in the 32 London boroughs (the area of the Metropolitan Police District) pay the 'adjusted' amount of council tax, which is made up of the unadjusted amount, for non-police services, and a separate element for policing services.
- 1.15 On 8 January 2021 the Mayor announced his proposal to increase the unadjusted Band D council tax charge for non-police services by £16.59 for 2021-22. This rise reflects a £15 increase in the Band D charge allocated to TfL compared to the budget proposals issued for consultation in December 2020, which already included a £1.59 increase to be allocated to the LFC. The additional £15 increase in the unadjusted element is intended to contribute towards the costs of the under 18 and 60+ Oyster photocard concessionary travel schemes in London. In the TfL funding agreement for the second half of 2020-21, the Government required that the Mayor fund these in 2021-22 from additional income; Congestion Charge and/or council tax income were suggested as options to meet these costs. The £15 Band D increase is forecast to raise around £45.3 million for TfL, with the balance required for concessionary fares to be met by income projected from the temporary changes to the Congestion Charge scheme introduced in June 2020.
- 1.16 The Mayor also confirmed at the same time that he intended to increase the police precept by £15 which is consistent with the referendum limits for all English police and crime commissioners and is in line with funding forecasts assumed in the Home Office police settlement for 2021-22. A further 1.99 per cent increase on the 2020-21 non police precept before the TfL adjustment – equivalent to £1.59 – was also proposed which is in line with the core referendum principles for English local and fire and rescue authorities. The Mayor confirmed that the revenues generated from this element would be applied in full to support the London Fire Brigade to assist it in delivering its response to the Grenfell fire inquiry. The combined Band D charge for the Mayor and Assembly components is maintained at the same level as in 2020-21.
- 1.17 The adjusted Band D council tax charge, which includes additionally the element for policing and is payable by taxpayers in the 32 London boroughs, is proposed to increase by £31.59 or 9.5 per cent comprising a £15 increase for policing, £1.59 for the London Fire Commissioner and £15 to help fund free bus and tram travel for under 18s and maintain the 60+ Oyster photocard. The proposed increase would not be excessive under the final referendum principles for 2021-22 for the GLA announced by the Secretary of State on 4 February which were approved by the House of Commons on 10 February 2021.
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- 1.18 In summary, the Mayor therefore proposes to increase his total Band D council tax charge – the adjusted amount – from £332.07 to £363.66, in order to provide additional resources to support frontline policing and fire and rescue services, help maintain free bus and tram travel for under 18s and allow the 60+ Oyster photocard scheme to continue. The unadjusted Band D charge payable by council tax payers in the City of London is proposed to increase from £79.94 to £96.53. As the Government has not yet provided an indication of council tax referendum thresholds for 2022-23 or future years, 1.99 per cent increases are assumed for that financial year for both the police and non-police element on top of the base 2021-22 council tax (including the £15 element for TfL as this is assumed to be ongoing).
- 1.19 In the Draft Budget it was forecast that there would be a 5.6 per cent decrease in the council tax base for 2021-22, compared to the original budgeted 2020-21 taxbase, for both the unadjusted and adjusted elements. This was an estimate, based on the data reflected in the monthly financial returns billing authorities were submitting to MHCLG which were intended to take into account the expected net reduction arising from collection losses due to the COVID-19 pandemic, the impact of increases in the volume of council tax support claims from working age households and the change in the number of residential properties on the local valuation list.
- 1.20 The actual council taxbases for 2021-22 for budgeting purposes were confirmed by the 33 local billing authorities at the end of January 2021. These reported a lower overall reduction than forecast of minus 0.97 per cent albeit the changes compared to the original 2020-21 taxbase varied across billing authorities from a drop of 4.9 per cent to an increase of 0.9 per cent. These remain estimates and it is unclear to what extent the taxbase may deteriorate further once the furlough and other Government economic support schemes come to an end if this leads and should these decisions these changes lead to increased levels of unemployment or reductions in household incomes and thus higher volumes of council tax support claims. Any variance would feed through into a surplus or deficit for 2021-22 which will be reflected for budgeting purposes in the Mayor's 2022-23 budget which will be approved in February 2022.
- 1.21 Separately, a council tax collection fund deficit equivalent to 7 per cent of the original budgeted council tax income for 2020-21 was assumed in the Draft Budget. This again was in line with the estimated losses the 33 local billing authorities in London have reported to MHCLG in recent months. The actual in year deficit was £28.4 million equivalent to a 2.8 per cent loss which compares to a surplus in respect of 2019-20 declared in last year's budget of £17.4 million. This deficit for 2020-21 is recoverable by billing authorities from the GLA across the following three budget years as required under the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020. After adjusting for spreading and prior year reconciliations the deficit which must be born in 2021-22 is £8.3 million with a further £10 million being recoverable by billing authorities in both the 2022-23 and 2023-24 financial years.
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- 1.22 The estimated £8.3 million deficit for 2020-21 which the GLA must repay in 2021-22 has been distributed taking into account the relative council tax shares for each relevant component body, as shown in Annex A of Part 1 and the objective and subjective tables in this document. It should be noted that the Mayor – in Mayoral Decision 2695 – had already reduced the funding reductions for MOPAC, LFC, the GLA: Mayor and the GLA: Assembly budgets for 2020-21 by 50 per cent compared to their allocated share of the expected losses set out in his Budget Guidance in June. These repayments will be funded from the savings delivered by each respective organisation (or the Budget Flexibility Reserve in the case of LFC). Due to the current uncertainty, a zero collection fund surplus is assumed at this stage for the 2022-23 budget year.
- 1.23 In addition, the Government has confirmed that 75 per cent of ‘irrecoverable’ council tax and business rates losses, in respect of the 2020-21 financial year only, will be funded through a section 31 grant from MHCLG (Section 31 of the Local Government Act 2003 allows ministers to pay grants to any local authority in England for any expenditure).
- 1.24 The council tax compensation scheme has been finalised. but it is not expected to cover the majority of actual losses incurred by most local authorities, as provisions for non-payment of council tax are ineligible for compensation, even though costs arising from additional local council tax support claims compared to budgeted 2020-21 assumptions are eligible. At this stage, the GLA has estimated that its compensation from the council tax scheme could range from between £2 million to £4 million and a sum of £2.5 million has been provided for this and is reflected in the assumptions for the Group business rates reserve. The final level of compensation will only be confirmed, however, once the actual 2020-21 audited outturn council tax income figures are submitted by billing authorities later this year. Further details on the Government schemes to manage the impact of council tax losses in 2020-21 are set out in Appendix I.
- 1.25 The GLA has also been allocated £25.0 million of the £670 million of funding made available nationally to manage the costs of additional claims for council tax support in 2021-22. This has now been distributed across the GLA: Mayor, Assembly, LFC and TfL component budgets having been held centrally in the business rates reserve in the draft budget.
- 1.26 Taking into account the above assumptions the forecast consolidated council tax requirement for 2021-22 is £1,096.6 million. Details of the component council tax requirements for each constituent body of the GLA Group for 2021-22, and indicative figures for 2022-23, are set out in the table below.
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Component council tax requirements	Approved 2020-21 £m	Proposed 2021-22 £m	Plan 2022-23 £m
GLA (Mayor)	66.6	65.6	66.6
GLA (Assembly)	2.6	2.6	2.7
MOPAC	767.1	804.9	833.3
LFC	168.6	171.8	180.3
TfL	6.0	51.6	52.3
LLDC	0.0	0.0	0.0
OPDC	0.0	0.0	0.0
Consolidated council tax requirement	1,010.9	1,096.6	1,135.2
<i>Total Band D council tax charge payable in:</i>			
32 London Boroughs (adjusted amount)	£332.07	£363.66	£370.93
City of London (unadjusted amount)	£79.94	£96.53	£98.46

- 1.27 As a result of the expected decrease in the taxbase in 2021-22, compared to the budgeted 2020-21 figure, offset by the impact of the currently assumed £31.59 rise in the adjusted Band D precept, council tax income is expected at this stage to be £85.7 million higher in cash terms (before the 2020-21 council tax collection fund deficit adjusted for the impact of any Government compensation for losses is taken into account). More detailed information about the council tax requirement and precept and their calculation is included in Appendix H.

Business rates retention and London pooling arrangements

- 1.28 Since April 2017 the Government has funded all former general grants from central government for the GLA and LFC, the residual former TfL general and investment grants, as well as an element of support for London policing in respect of historic council tax freeze grant, through retained business rates. The combined retained business rates funding allocated in this budget for services, including £930 million for TfL's capital programme, is assumed to total just over £2.1 billion in respect of the 2021-22 financial year before any estimated deficits for 2020-21 are taken into account.
- 1.29 The combined retained business rates funding allocated in this budget for services, including £930 million for TfL's capital programme, is now assumed to total just over £2.15 billion in respect of the 2021-22 financial year before any estimated deficits for 2020-21 are taken into account. This revised allocation is £105.9 million higher than the sum allocated in the draft budget and is consistent with the GLA's minimum funding or safety net level guaranteed by the Government irrespective of the level of business rates collected as confirmed in the final local government finance settlement. This is equivalent to 97 per cent of the GLA's settlement baseline funding of £2,220.7 million which is the higher guarantee provided to all ongoing business rates pilots compared to other local authorities.

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- 1.30 The Mayor, the Chair of London Councils and the Chair of the Corporation of London's Policy and Resources Committee wrote to the Secretary of State for Housing, Communities and Local Government on 12 January 2021 to formally request the pan-London business rates pool does not continue in 2021-22 due to the current risks and uncertainties around business rates revenues. The pool designation has now been revoked by the Secretary of State in line with this request. It is intended that while the formal pooling arrangement will be discontinued in 2021-22 an element of joint working will continue on an informal basis.
- 1.31 The GLA has analysed the statutory returns received from the 33 billing authorities which would in principle permit a materially higher level of resources to be allocated in this Budget. However, all billing authorities acknowledge their estimates do not provide for the full impact of expected valuation losses across various sectors arising from Material Change of Circumstances appeals by ratepayers and their agents resulting from the impact of the pandemic on rental levels, turnover and passenger numbers. For offices alone – which account for around half the business rates taxbase – rating advisors have estimated that these valuation change could range from minus 25 per cent to minus 65 per cent which could equate to a potential reduction in revenues London wide of between £1.1 billion and £2.8 billion of which the GLA's share could range between £0.4 billion and £1.1 billion. This is significantly in excess of the total losses assumed in the Mayor's budget guidance issued in June 2020. Further reductions are also likely across almost all sectors including airports and retail, leisure and hospitality businesses. It is due to this clear inherent risk that the Mayor is unable to allocate resources above the 2021-22 minimum safety net guarantee until the Valuation Office Agency makes its final determination of the downwards adjustment to valuations it intends to apply given that the Government has not announced any compensation scheme for business rates losses in 2021-22.
- 1.32 As set out in the final local government settlement the GLA is committed to making a tariff payment to MHCLG during 2021-22 of £812.4 million which represents the difference between its settlement baseline funding and its nominal business rates baseline income. The tariff payment will be used to support local services elsewhere in England. In addition, the billing authority returns imply that the GLA should budget to make an additional levy payment on growth to MHCLG of £28.8 million albeit the actual sum, if applicable at that stage, will not be confirmed and become payable until after the 2021-22 outturn data is available in late 2022.
- 1.33 Similar valuation risks also apply in relation to the estimated outturn data for 2020-21 for business rates as the billing authority returns again do not take these into account fully. Even on the submitted returns the GLA's headline income deficit is £1.35 billion although this reduces to an estimated £198 million after taking into account section 31 grant compensation for retail, leisure and hospitality relief which is repayable to billing authorities in line with the provisions of Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) 2020.
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- 1.34 In addition to having the ability to spread any deficits over three budget years, the Government, as stated above, has announced that local authorities will receive compensation for 75 per cent of ‘irrecoverable’ in year losses for 2020-21 from business rates. The Government has still to confirm the final methodology setting out how this scheme will operate in practice and it is not possible at this stage predict the revenues the GLA might be expected to receive. As outlined above the final compensation amount is dependent on audited 2020-21 business rates outturn figures from billing authorities, which are not expected to be available until Autumn 2021.
- 1.35 Accordingly, this budget retains the assumptions regarding 2020-21 business rate income used throughout the budget process, namely a loss (after Government compensation) of £96.2 million compared to the £2.41 billion allocated in the original 2020-21 Group Budget approved in February 2020. This approach is viewed as prudent as it would be met if the Government provided compensation for just under two-thirds of the losses faced by the GLA, allowing some flexibility should the scheme prove less generous than previously stated.
- 1.36 Should the actual outturn differ materially (in either direction) from the assumptions in this Budget then the Mayor will consider whether to amend in-year allocations to relevant parts of the GLA Group. The business rates reserve and the ability to repay 2020-21 losses to billing authorities over three years will provide flexibility in the event that Government compensation payments are lower than assumed.
- 1.37 Having regard to the above assumptions this Final Draft Budget sets out revised allocations to component budgets as summarised in Part 1. The 2021-22 allocations for business rates are underpinned by the Government’s safety net guarantee and any adverse changes to council tax assumptions will be managed through deficits in the 2022-23 financial year. While the forecasts set out in this Budget are subject to much greater uncertainty than in previous years given the impacts of the COVID-19 pandemic on business rates revenues, the Mayor’s allocations are prudent and deliverable.
- 1.38 It is important to note that there is considerable uncertainty on the level of business rates income the GLA will retain from 2022-23 onwards even allowing for the current economic uncertainty, given the Government’s 2020 Spending Review was for one year only. 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 also been delayed until 2022-23 at the earliest. It is not anticipated at this stage that the outcome of these changes, if and when they are implemented, will be beneficial to London or the GLA Group in aggregate.
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1.39 The Government is also undertaking a fundamental review of business rates as a tax and progress on this is expected to be announced by the Chancellor in the Government's Budget on 3 March 2021. This adds further uncertainty as to the tax take in the medium term as the Government has committed to reducing the burden on business ratepayers. There are also significant future downside risks to the existing taxbase due to potential reductions in valuations by the Valuation Office Agency arising from the economic impact of the pandemic on the rental levels of offices and retail premises and reductions in turnover levels for leisure and hospitality businesses. More detailed information about future funding assumptions and the associated risks is set out in Appendix I.

Summary of spending plans and council tax requirement calculation

1.40 Forecast council tax precept income (the 'consolidated council tax requirement') and the other sources of finance for 2021-22, including government grants and fare revenues, are summarised in the table below.

Spending plans and council tax requirements	2021-22	2021-22
	£m	%
Spending plans	13,804.4	100%
<i>Less:</i>		
Fares income	-3,275.6	-24%
Adjustments for phasing of business rates and council tax income losses and associated Government support	-299.8	-2%
Extraordinary Grant	-2,934.8	-21%
Home Office Police General and Formula Grant	-2,158.5	-16%
Other general income	-1,861.3	-14%
Retained business rates	-2,065.0	-15%
Home Office specific grants for policing	-612.9	-4%
Other specific Government grants	-391.1	-3%
Council tax collection fund deficit	8.2	0%
Use of reserves	882.9	6%
Consolidated council tax requirement for GLA Group	1,096.6	8%

Funding allocations from sources over which the Mayor has direct control

1.41 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 2021-22 compared to the revised 2020-21 budget. They reflect for the 2021-22 allocations both the impact of reduced revenues for 2021-22 and the forecast deficits for 2020-21. 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.

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- 1.42 The year-on-year change in the allocation for MOPAC includes the proposed drawdown of a quarter of the £118.6 million previously paid in advance to MOPAC by the Mayor to fund the cost of the additional 1,000 police officers across two financial years. This advance funding was placed into MOPAC's reserves to address methodology changes expected to be made by the Government to the business rates retention system from April 2020 which would delay the receipt of growth by up to two years. These changes have subsequently yet to be confirmed or implemented, but could potentially be introduced from April 2022.
- 1.43 Given the expected reductions in business rates income, it is intended to use this funding, held in MOPAC's reserve for the purpose of funding the extra 1,000 officers, in 2021-22 and the subsequent three years. This has improved since the draft budget with the Mayor's recurring allocation of £30.1 million per year from the increase in the council taxbase reducing the call on this reserve.
- 1.44 The figures for retained business rates in these tables and elsewhere also include estimates of funding received through section 31 grant from MHCLG for the business rates multiplier cap and the ongoing cost of the doubling of small business rates relief. The figures also include for 2020-21 the impact of the lost revenue arising from the rates relief scheme for the retail, leisure, hospitality and childcare sectors introduced in response to the pandemic which amounts to over £3 billion London wide – equivalent to 34 per cent of the previously budgeted taxbase – of which the GLA's share is around £1.1 billion. The Government has still to confirm if the retail, leisure, hospitality and childcare provider rate relief schemes will continue in 2021-22 in full or in part.
- 1.45 Appendix H sets out both a summary and detailed breakdown of the revenue expenditure, Government grants and retained rates allocations proposed by the Mayor.
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Allocation of funding sources over which the Mayor has direct control

2021-22	Mayor	Assembly	MOPAC	LFC	TfL	LLDC	OPDC	Group items	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Council tax	65.6	2.6	804.9	171.8	51.6	0.0	0.0	0.0	1,096.6
Collection fund deficit (Ctax)	-0.5	0.0	-6.3	-1.4	0.0	0.0	0.0	0.0	-8.2
Business rates	51.7	4.9	27.9	228.1	1,792.3	27.3	6.4	856.6	2,995.2
Government grants for income losses	15.7	0.5	0.0	6.9	1.8	0.0	0.0	0.1	25.0
Group reserves	0.0	0.0	0.0	0.0	0.0	6.7	0.0	0.0	6.7
Total Mayoral funding	132.5	8.0	826.5	405.4	1,845.7	34.0	6.4	856.7	4,115.3

2020-21	Mayor	Assembly	MOPAC	LFC	TfL	LLDC	OPDC	Group items	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Council tax	66.6	2.6	767.1	168.6	6.0	0.0	0.0	0.0	1,010.9
Collection fund surplus (Ctax)	7.4	0.0	10.0	0.0	0.0	0.0	0.0	0.0	17.4
Business rates	130.6	5.9	118.7	232.9	1,879.0	32.6	7.8	965.5	3,373.0
Group reserves	0.0	0.0	0.0	0.0	0.0	4.9	0.0	0.0	4.9
Total Mayoral funding	204.6	8.5	895.8	401.5	1,885.0	37.5	7.8	965.5	4,406.2

Change	-72.1	-0.5	-69.3	3.9	-39.3	-3.5	-1.4	-108.8	-290.9
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Equalities

- 1.46 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.
- 1.47 All seven constituent bodies (the Mayor and Assembly and the five functional bodies) must comply with section 149 of the Equality Act 2010. Compliance with the duty is iterative and on-going. 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.
- 1.48 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

- 1.49 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.
- 1.50 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.
- 1.51 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.

Consultation Process

- 1.52 As part of the Mayor's commitment to transparency and engagement, in previous years the GLA has engaged Londoners proactively in the budget consultation process on Talk London ahead of the formal statutory consultation process. The GLA's Opinion Research team have been conducting pandemic-related research since March this year, focussing on Londoners' immediate and longer-term priorities for the city. This Budget is therefore informed by a significant level of information on Londoners' current concerns and priorities for the city. In light of this extensive qualitative and quantitative research, it has been concluded that an extended pre-budget consultation is not necessary this year.
- 1.53 As in 2020-21, the consultation document on the Mayor's budget proposals, published in December 2020 was hosted on the Talk London website, alongside a blog post written by the Opinion Research Team summarising the opinion research findings conducted by the GLA this year on Londoners' priorities. Talk London members were able to read the document and were asked to comment on the GLA Group Budget Proposals and Precepts 2021-22 within a discussion thread. The consultation on Talk London took place from 6 January to 22 January 2021.
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1.54 The development of this Budget has also been directly informed by the GLA's Talk London budget engagement exercise. In addition to TfL's continuing support for congestion reduction and active travel measures, GLA: Mayor funding will be provided within the Green New Deal recovery mission will enable the GLA to support local projects promoting green infrastructure, climate resilience and healthy streets, alongside funding to deliver the expansion of the Ultra Low Emission Zone in October 2021 and other key policies to monitor and reduce air pollution. In order to tackle rising levels of unemployment, which was also identified as a priority, significant funding is included in the Good Work for All Londoners mission for skills development and access to jobs, including almost £350 million through the Adult Education Budget. Finally, the importance of tackling poverty and the disparate impacts of the pandemic on different communities has been recognised throughout the development of the COVID-19 recovery programme, around which the GLA: Mayor budget is structured, including most directly through the Building Stronger Communities and Robust Safety Net missions.

Structure of the Final Draft Budget Document

1.55 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.

1.56 This Final Draft Budget reflects the announcements made in the final local government and police finance settlements and has been updated to reflect the GLA's assessment of the impact of the final council tax and business rates figures submitted by billing authorities having regard to the schemes announced to manage local taxation losses and the potential risk to the taxbase from 'Material Change of Circumstances' valuation appeals by ratepayers arising from the pandemic.

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

1.58 For further information on these documents, or in respect of budget proposals, please contact:

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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. 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 allocations.
- 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 London's recovery through the delivery of pan-London Missions agreed with the London Recovery Board, which are as follows:
- **A Green New Deal** – Tackle the climate and ecological emergencies and improve air quality by doubling the size of London's green economy by 2030 to accelerate job creation for all;
 - **A Robust Safety Net** – By 2025, every Londoner is able to access the support they need to prevent financial hardship;
 - **High Streets for All** – Deliver enhanced public spaces and exciting new uses for underused high street buildings in every borough by 2025, working with London's diverse communities;
 - **A New Deal for Young People** – By 2024 all young people in need are entitled to a personal mentor and all young Londoners have access to quality local youth activities;
 - **Helping Londoners into Good Work** – Support Londoners into good jobs with a focus on sectors key to London's recovery;
 - **Mental Health and Wellbeing** – By 2025 London will have a quarter of a million wellbeing ambassadors, supporting Londoners where they live, work and play;
 - **Digital Access for All** – Every Londoner to have access to good connectivity, basic digital skills and the device or support they need to be online by 2025;
 - **Healthy Food, Healthy Weight** – By 2025 every Londoner lives in a healthy food neighbourhood; and
 - **Building Strong Communities** – By 2025, all Londoners will have access to a community hub ensuring they can volunteer, get support and build strong community networks.
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- 2.4 The GLA has developed eight Recovery Foundations that are key areas of GLA investment which support recovery broadly and will underpin the delivery of the Recovery Missions listed above.

Gross revenue expenditure

- 2.5 The Mayor is proposing a decrease in gross revenue expenditure for the GLA (excluding group items as set out in Appendix A) of £36.2 million in 2021-22 compared to the revised budget for 2020-21. Total gross expenditure including group items is proposed as £1,742.9 million which is £55.8 million higher than the forecast outturn for 2020-21.

Net revenue expenditure and council tax requirement

- 2.6 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 revenue expenditure for 2021-22 for GLA: Mayor services is proposed as £477.7 million. This excludes transactions shown separately in the GLA Group items budget, including the estimated £841.2 million business rates retention tariff and levy payment to MHCLG, set out in Appendix A. After deducting income from retained business rates and government grants, the statutory council tax requirement for the Mayor is £65.5 million.
- 2.7 The GLA: Mayor's budget on a directorate (i.e. objective) basis is set out in the table overleaf; these figures are indicative.
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Objective analysis	Revised Budget	Forecast	Budget	Plan
GLA: Mayor services	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
<i>Directorate Expenditure</i>				
Good Growth	95.4	92.6	69.9	59.9
Housing & Land	60.6	56.4	16.6	16.6
Communities & Skills	363.9	355.2	386.2	379.0
Strategy and Communications	24.4	23.5	19.7	19.7
Resources	34.5	35.0	38.8	22.3
Corporate Management Team	4.7	5.0	8.0	8.5
Mayor's Office	5.3	5.7	4.9	4.9
Elections	20.9	5.7	20.9	0.0
Directorate expenditure	609.7	579.1	565.0	510.4
Strategic investment fund (SIF)	35.3	40.0	33.8	0.0
Contingency	1.0	1.0	0.0	0.0
Other service expenditure	36.3	41.0	33.8	0.0
Financing costs – Crossrail	132.7	132.7	155.0	155.0
Financing costs – Northern Line Extension	20.5	20.5	22.0	22.0
Financing costs – other	6.3	6.3	5.3	5.3
Provision for repayment of debt/ other grant payments - LLDC	11.8	11.8	0.0	0.0
Financing Costs	171.3	171.3	182.3	182.3
Interest receipts	-17.3	-20.5	-9.0	-9.0
Crossrail BRS and MCIL	-132.7	-132.7	-155.0	-155.0
Northern Line Extension contributions	-20.5	-7.4	-6.3	-22.0
Interest receipts GLAP loan	-10.0	-10.0	-10.0	-10.0
GLAP recharge	-6.4	-6.4	-6.4	-6.4
Income	-186.9	-177.0	-186.7	-202.4
Transfer to/from (-) reserves held for GLA services	-53.9	-20.4	-68.7	-31.6
Transfer to/from (-) reserves for GLA Group	-51.3	-69.3	-48.0	5.3
Net service expenditure after use of reserves	525.2	524.7	477.7	464.0
Specific grants	320.6	320.1	360.9	345.3
Retained business rates	130.6	130.6	51.7	52.7
Council tax collection fund surplus/ (deficit)	7.4	7.4	-0.5	-0.6
Council tax requirement	66.6	66.6	65.6	66.6

2.8 Given the orientation of the GLA's resources to London's recovery, from 2021-22 the GLA is also reporting on progress against the Missions and Foundations referred to above. The table below restates the GLA Directorate expenditure line in this new format for 2021-22 and 2022-23.

Restated Directorate expenditure for 2021-22 and 2022-23	Gross Expenditure	Gross income	Net Expenditure Budget	Gross Expenditure	Exclude income	Net Expenditure Plan
	2021-22	2021-22	2021-22	2022-23	2022-23	2022-23
	£m	£m	£m	£m	£m	£m
Missions						
A green new deal	20.7	1.1	19.6	20.0	1.1	18.9
A robust safety net	16.9	1.9	15.0	16.9	1.9	15.0
High streets for all	7.1	0.0	7.1	5.0	0.0	5.0
A new deal for young people	85.1	0.5	84.6	77.1	0.5	76.6
Helping Londoners into good work	191.4	0.3	191.1	191.5	0.3	191.2
Mental Health & wellbeing	1.6	0.0	1.6	1.6	0.0	1.6
Digital access for all	7.1	0.0	7.1	7.1	0.0	7.1
Healthy food, healthy weight	1.4	0.0	1.4	1.4	0.0	1.4
Building strong communities	96.1	0.0	96.1	94.1	0.0	94.1
Foundations						
Engaging Londoners	2.9	0.0	2.9	2.9	0.0	2.9
Public health and Health & care partnerships	1.4	0.0	1.4	1.4	0.0	1.4
Equality, Diversity & Inclusion	2.0	0.0	2.0	2.0	0.0	2.0
Transport & Infrastructure	6.0	5.0	1.0	6.0	5.0	1.0
Supporting Businesses, Jobs and growth	25.6	2.1	23.5	21.2	2.1	19.1
Spatial Development	12.8	12.1	0.7	12.8	12.1	0.7
Capital investment, including affordable homes programme	11.2	10.0	1.2	11.2	10.0	1.2
Recovery programme support	0.8	0.0	0.8	0.8	0.0	0.8
Core						
Finance	4.9	2.2	2.7	4.9	2.2	2.7
HR	3.6	0.3	3.3	3.6	0.3	3.3
Technology	6.4	0.5	5.9	6.4	0.5	5.9
Governance	1.0	0.6	0.4	1.0	0.6	0.4
Shared services & Corporate	8.5	1.8	6.7	8.5	1.8	6.7
Estates	28.5	3.5	25.0	11.9	3.5	8.4
Analysis & Intelligence	4.7	0.6	4.1	4.7	0.6	4.1
External Relations	5.1	0.3	4.8	5.1	0.3	4.8
Government Relations	0.7	0.1	0.6	0.7	0.1	0.6
Mayor's Office	4.9	0.0	4.9	4.9	0.0	4.9
CMT	4.1	0.0	4.1	4.1	0.0	4.1
Statutory Planning	4.9	1.5	3.4	4.9	1.5	3.4
Fire & Resilience	0.5	0.0	0.5	0.5	0.0	0.5
City Operations	1.0	0.0	1.0	1.0	0.0	1.0
Museum of London	10.6	0.0	10.6	10.6	0.0	10.6
Events	9.0	0.0	9.0	9.0	0.0	9.0
Elections	20.9	0.0	20.9	0.0	0.0	0.0
Total	609.4	44.4	565.0	554.8	44.4	510.4

Explanation of budget changes

- 2.9 An analysis of the year on year movement in the proposed council tax requirement for the GLA: Mayor compared to the revised budget for 2020-21 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2020-21 council tax requirement	66.6
<i>Changes due to:</i>	
Savings and efficiencies	-11.6
Net change in service expenditure and income, excluding inflation and savings	-24.4
Change in use of reserves	-11.5
Net change in retained business rates and specific grants	38.6
Change in council tax collection fund deficit	7.9
2021-22 council tax requirement	65.6

Inflation

- 2.10 The Budget includes no provision for inflation, which is mitigated through savings and efficiencies at project and programme level.

Savings and efficiencies

- 2.11 The final GLA: Mayor budget proposes £11.6 million of savings from core activities. Detailed work will be reported on the activities stopped in the base budgets for Missions and Foundations, including the usage of reserves to fund such programmes which will be time limited.

Change in use of reserves

- 2.12 The Budget proposes a net increase in the budgeted use of reserves of £11.5 million, reflecting the planned use of reserves held to fund Mayoral projects and initiatives, including the relocation of City Hall, and costs arising from the postponement of the GLA elections to May 2021.

Net change in retained business rates and specific grants

- 2.13 There is a £38.6 million net reduction in income from retained business rates and specific grants in 2021-22, compared to the revised 2020-21 Budget. This reflects the impact of the reduced allocations from business rates arising from the losses due to the economic impact of the pandemic including the 2020-21 forecast deficit.

Capital financing costs for Elizabeth Line (Crossrail) and the Northern line extension

- 2.14 On 30 November 2020, the GLA, TfL and the DfT agreed a revised funding deal for Crossrail under which the GLA will provide an additional £825 million contribution to allow the completion of the project. It is assumed at this stage in the GLA's capital spending plan that £760 million of this will be transferred to TfL in 2021-22 with the remaining £65 million being paid over in 2022-23. The profile of the application of this funding by TfL for the Crossrail project will be phased on a different basis taking into account the use of other contributions including those met from TfL's own sources including borrowing.
- 2.15 The £825 million aggregate additional contribution will be borrowed from the Government and financed and repaid using revenues from the Crossrail business rate supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL). This agreed deal will not affect the tax or the amounts raised from taxpayers for 2021-22 from MCIL or for the BRS but merely extend the period for which they are required to be used to finance and repay the GLA's Crossrail debt into the late 2030s. Under the agreement £500 million of the GLA's borrowing will be on a recourse basis and repayable in full under an agreed fixed repayment profile. The remaining £325 million is on a non-recourse basis and its repayment is conditional on sufficient BRS and MCIL revenues being available to allow this. It should be noted, however, that the same valuation risks applying to business rates income also apply to the BRS as highlighted in Mayoral Decision 2759 which approved the 2021-22 policies earlier this month.
- 2.16 In addition, the GLA is due to make the final instalment in 2021-22 of its £1 billion contribution towards the Northern line extension to Nine Elms and Battersea Power Station which is due to open by the end of 2021. Due to the current economic uncertainty and delays in the regeneration programme the GLA now considers that the income from business rates growth and developer contributions from the local designated area will be insufficient to meet the GLA's capital financing costs for both 2020-21 and 2021-22. The deficits – estimated at £13.1 million in 2020-21 and £15.7 million in 2021-22 will be charged initially to the business rates reserve with the intention that these sums be repaid from future revenue growth in the area.
- 2.17 The GLA is estimated to incur £182.3 million of capital financing costs in 2021-22 of which £177 million relates to these two schemes.

Equalities

- 2.18 In line with the Mayor's 'Inclusive London' Equality, Diversity and Inclusion Strategy, the 2020-21 GLA: Mayor budget included a wide range of measures which had positive equalities outcomes, particularly for Londoners who face disadvantage, unfairness or discrimination. The 2020-21 budget process has been conducted with regard for this strategy, the requirements of the Equality Act and the outcomes agreed by the London Recovery Board (which has identified equality, diversity and inclusion as a cross-cutting priority). Accordingly, expenditure which will continue following the savings exercise which has positive impacts on equalities includes:
- significant commitments on affordable housing;
 - continued delivery of an ambitious programme of work on rough sleeping;

- work with employers and others to ensure that London's economy is fair and inclusive;
- supporting skills development, including through the Adult Education Budget (AEB);
- 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;
- programmes specifically aiming to reduce inequality and poverty, and tackle the specific barriers faced by some groups of Londoners;
- work to reduce health inequalities, in line with the Mayor's Health Inequalities Strategy; and
- identifying and implementing actions to make further progress in reducing gender and ethnicity pay gaps within the GLA.

2.19 In accordance with the PSED and the London Equality, Diversity and Inclusion Strategy, officers will continue to assess the likely impacts of the proposals set out in this draft budget on people with a protected characteristic as proposals are further developed and refined.

Environmental impact

2.20 Both the revenue budget proposals and the draft capital strategy and capital spending plan prioritise environmental matters to improve the built and wider environment. This reflects both the Mayor's aim for London to achieve net zero by 2030 and the central role of the environment in London's COVID-19 recovery programme, which incorporates an ambitious Green New Deal mission, as well as embedding environmental sustainability as a cross-cutting principle. The GLA's key environmental projects and initiatives, among others, include:

- tackling London's dangerously polluted air – including working with TfL to implement the extension of the Ultra Low Emission Zone – with the objective of London having the best air quality of any major world city by 2050;
- installing and retrofitting energy efficiency improvements and reducing carbon emissions from London homes, together with promoting clean, integrated, flexible and smart energy systems to decarbonise London more quickly and at lower cost;
- addressing inequalities in access to green space and helping adapt and respond to the climate and ecological emergency by greening London's public realm and built environment;
- delivering green infrastructure, including sustainable drainage, that manages flood risk and reduces urban heat;
- increasing the resilience of new and existing buildings through strong planning policy and water efficiency and ventilation measures;
- support the delivery of increased recycling and progress towards a circular economy;
- accelerating growth in the green economy through increased availability of green finance and wider support for innovation in the clean tech, waste and circular sectors; and supporting job creation, retention and skills development across sectors involved in greening London; and

- ensuring City Hall and all other GLA buildings maintain the highest environmental standards on heating, lighting and waste, and planning for the highest levels of environmental sustainability in the GLA's move to new premises at The Crystal.

Reserves

- 2.21 The Business Rates Reserve (BRR) is used primarily to manage business rates and council tax income risk and volatility. It is estimated that the balance held on this reserve will increase to £253.8 million by 31 March 2021 declining to £126.3 million by 31 March 2023. This assumes that any potential further downside risk on business rates income is managed at a Group level rather than additional savings being required from the GLA and functional bodies, although in the 2022-23 budget process once there is more clarity on level of these deficits it may be necessary for these to be allocated to functional bodies. The closing balance at the end of 2020-21 reflects the transfers approved from the BRR in MD2695 and recent changes in secondary legislation which affect the basis for calculating levy and safety net payments and thus the GLA's retained business rates income for 2020-21.
- 2.22 The planned reduction in the Business Rates Reserve balance by March 2023 is primarily due to the impact of the three-year spreading required for 2020-21 business rates collection fund deficits, an assessment of the impact of the Government support schemes for 2020-21 announced in the Spending Review and the billing authority estimates for 2021-22. These are then adjusted to reflect the expectation due to valuation losses that the GLA is likely to be at a level that is consistent with planning assumptions. A new Billing Authority Repayment Reserve (BARR) has also been created to manage the excess income of £272.3 million implied by the billing authority estimates for 2021-22 that it is anticipated will need to be repaid to them in 2022-23 due to expected valuation losses. For this reason the balance held in that reserve is eliminated by March 2023.
- 2.23 There is great uncertainty over the level of retained business rates income the GLA will receive in future years, even allowing for the losses arising from the COVID-19 pandemic, as outlined in section 1 and Appendix I. The Executive Director of Resources considers that the aspiration should be to restore the level of the Business Rates Reserve to a level that reflects the risks to future tax revenues, taking account of the actual level of support from the Government that will be forthcoming. However, in light of the proposed usage of reserves set out in this Budget, a plan will be developed to re-build reserves as income sources stabilise and the uncertainties set out on business rates are crystallised.
- 2.24 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 London business rates pilots. The reserve is forecast to be fully utilised by the end of 2021-22. The balance on the Mayoral Development Corporation Reserve (MDC) will be increased from £16.5 million at the end of 2020-21 to £29.6 million by 2022-23. This reserve is ringfenced to support LLDC and OPDC, as a contingency held for any unexpected costs including with regard to their capital delivery activities.
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- 2.25 The GLA's general reserve will be maintained at £10 million until the end of the planning period. Reserves earmarked for GLA: Mayor services are forecast to be just under £189 million at the close of 2020-21 and reduce to £104 million by the close of 2022-23 reflecting the planned use of the reserves to support Mayoral priorities. The unused earmarked reserves at the end of 2022-23 includes balances relating to the Young Londoners Fund, Right to Buy interest receipts, the new Museum of London, directorate reprofiling, major events and the 2024 GLA elections.
- 2.26 The Capital Programme Reserve is forecast to have a balance of just over £21 million at the close of 2021-21 and reduce to £9.4 million by the close of 2022-23. The LLDC Capital Funding reserve estimated to be £169.6 million at the end of 2020-21 will be applied to provide funding to the development of East Bank and other LLDC capital schemes in 2021-22 and later years.
- 2.27 The table below shows the forecast movement in GLA reserves:

Movement in reserves during financial year	Outturn 2019-20 £m	Forecast 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
Opening balances	711.2	736.5	694.9	456.8
<i>Transfers to/from (-):</i>				
Business Rates Reserve	-61.4	126.9	-77.3	-50.3
Billing authority (business rates) repayment reserve	0.0	0.0	272.3	-272.3
Mayoral Development Corporation Reserve	18.2	-4.9	4.0	9.1
Reserves earmarked for GLA services	-9.9	-28.1	-79.2	-5.2
Capital Programme Reserve	0.7	-23.7	-6.6	-5.3
LLDC Capital Funding Reserve	19.2	24.4	-70.0	-32.4
Strategic Investment Fund	59.7	-137.0	-33.8	0.0
Assembly Development & Resettlement Reserve	-1.2	0.0	-0.6	0.0
General Reserve	0.0	0.0	0.0	0.0
Closing balances	736.5	694.1	702.9	346.6

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

Total reserves at end of financial year	Outturn 2019-20 £m	Forecast 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
Business Rates Reserve	126.7	253.8	176.5	126.3
Billing authority business rates repayment reserve	0.0	0.0	272.3	0.0
Mayoral Development Corporation Reserve	21.4	16.5	20.5	29.6
Reserves earmarked for GLA services	216.8	188.6	109.3	104.0
Capital Programme Reserve	44.9	21.2	14.6	9.4
LLDC Capital Funding Reserve	145.2	169.6	99.6	67.2
Strategic Investment Fund	170.9	33.8	0.0	0.0
Assembly Development & Resettlement Reserve	0.6	0.6	0.0	0.0
General Reserve	10.0	10.0	10.0	10.0
Closing balances	736.5	694.1	702.9	346.6

Greater London Authority: London Assembly

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

Key deliverables

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

Revenue expenditure and council tax requirement

- 3.3 The Mayor is proposing that the Assembly's gross expenditure for 2021-22 is £8.0 million. This is an increase of £1 million compared to the Draft Budget. This change is funded from £0.1 million of council tax, £0.4 million of business rates and £0.5 million of council tax support.
- 3.4 The Mayor is also proposing that the Assembly's gross expenditure for 2022-23 is indicatively projected at £8.0 million. This increase of £1 million is indicatively projected to be funded from £0.1 million of council tax, £0.4 million of business rates and £0.5 million from Group reserves.
- 3.5 The Mayor is proposing that the Assembly's forecast underspend of £0.8 million in 2020-21 is allocated to Group reserves, as a contribution towards the loss of council tax and business rates faced in the current year and instead of these being charged to the Assembly budget over the next three years. Once the 2020-21 outturn position is known along with the resettlement payments made to Assembly Members who leave the GLA following the May 2021 elections, the Executive Director of Resources will provide advice on the re-building of the Assembly Development and Resettlement Reserve in the new administration.
- 3.6 The indicative revenue budget for the Assembly is set out in the table below on an objective basis. The Assembly's GLA Oversight Committee will determine the final allocations at its meeting in March 2021.

Objective analysis	Revised Budget	Forecast	Budget	Plan
Assembly	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Assembly Members	1.9	1.7	1.7	1.7
Member Services	2.4	2.2	2.0	2.0
Committee Services	0.8	0.6	0.7	0.7
Scrutiny	1.4	1.3	1.2	1.3
Assembly Communications	0.5	0.4	0.4	0.4
Director/Business Support	0.3	0.4	0.3	0.3
London TravelWatch	1.1	1.1	1.0	1.0
Additional resources allocated by the Mayor	0.0	0.0	1.0	1.0
Net revenue expenditure	8.4	7.7	8.3	8.4
Transfer to/from (-) reserves	0.1	0.8	0.0	-0.5
Savings to be identified	0.0	0.0	-0.3	-0.3
Financing requirement	8.5	8.5	8.0	7.6
Specific grants	0.0	0.0	0.5	0.0
Retained business rates	5.9	5.9	4.9	4.9
Council tax requirement	2.6	2.6	2.6	2.7

Explanation of budget changes

- 3.7 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 2020-21 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2020-21 council tax requirement	2.6
<i>Changes due to:</i>	
Net change in service expenditure	-0.1
Savings to be identified	-0.3
Change in use of reserves	-0.1
Change in specific grants	-0.5
Decrease in retained business rates	1.0
2021-22 council tax requirement	2.6

Net change in service expenditure

- 3.8 Net expenditure is proposed to reduce by £0.1 million in 2021-22, compared to the level budgeted in 2020-21. Once the £0.3 million savings to be identified are found, net expenditure will reduce by £0.4 million to meet the financing requirement of £8.0 million.

Change in use of reserves

- 3.9 The 2020-21 Assembly budget includes a transfer to reserves of £0.1 million. It is assumed that resettlement payments to be made to Assembly Members who leave the GLA following the May 2021 elections will fully utilise the £0.6 million in the Assembly's Development and Resettlement Reserve. However, this is not reflected in the drawdown as the exact sums will not be known until after the elections..

Change in specific grants

- 3.10 The Mayor proposes to allocate £0.5 million of the £25.0 million local council tax support grant to the Assembly in 2021-22.

Decrease in retained business rates

- 3.11 The Mayor proposes to reduce the business rates allocation to the Assembly by £1.0 million compared to 2020-21, reflecting the lower level of business rates expected to be available to the Group in 2021-22.

Equalities and environmental impact

- 3.12 There are no specific equalities or environmental impacts arising from the Assembly's budget. The Assembly 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 two-year period from 2021-22 to 2022-23.

Key deliverables

- 4.2 The Mayor's Police and Crime Plan - A Safer City for all Londoners, 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 The Police and Crime Plan was due to be refreshed this year, following the Mayoral elections scheduled for May 2020. However, the Government took the decision to postpone the elections by a year as a result of the COVID-19 pandemic and therefore the existing Police and Crime Plan 2017-21 will remain in force for an additional year.
- 4.4 Central to this is the Mayor's Equality, Diversity and Inclusion Strategy, 'Inclusive London', which sets out key inequalities affecting the lives of Londoners. This strategy drives work on equality and inclusion, including race equality, with a range of projects, programmes and policies spanning education, health, civil society, as well as policing. Community engagement and advisory functions provide expertise on race equality to bring insight and shape to GLA work. These include the Mayor's Equality, Diversity and Inclusion Advisory Group, the Migrant and Refugee Advisory Panel and civil society partner organisations.
- 4.5 The Mayor published his Action Plan in November 2020 to improve trust and confidence in the MPS and to address community concerns about disproportionality in the use of certain police powers affecting Black Londoners. The Mayor has committed, as part of the action plan, to invest £1.7 million to develop greater community involvement in police officer training and in the recruitment and progression of Black officers in the MPS. The MOPAC budget for 2021-22 incorporates £1.7 million of activity in relation to this Action Plan.
- 4.6 The Mayor's number one priority is the safety of Londoners and this is reflected in the apportionment of the savings that the GLA Group have been required to find, with the smallest percentage reductions in funding having been applied to MOPAC and the London Fire Commissioner. In the budget setting process, the Mayor has also recognised the importance of protecting vital work to tackle violence, which is undertaken by the Violence Reduction Unit (VRU), and MOPAC commissioning and these areas of work have been protected from making any of the savings applied across the GLA Group.
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- 4.7 Furthermore, the Mayor is committed to delivering the MPS transformation programme. The transformation portfolio aims to deliver:
- for the public – building confidence and tackling the issues that matter to them most;
 - for MPS's people – providing strong leadership and equipping them with the skills and tools which match their commitment to the job;
 - digital transformation – exploiting the digital revolution, new technology and valuing data; and
 - organisational transformation – becoming a flexible and agile organisation.
- 4.8 In February 2020, the Mayor's VRU was allocated an ongoing £5 million from 2020-21 onwards, to ensure that the VRU has the resources to continue leading the public-health approach to tackling the complex causes of crime. In 2020-21, the VRU also received £9 million of one-off growth funding from the Mayor to be profiled across three financial years in recognition of the importance of this area of work and the need for developing a long-term sustainable approach which underpins reducing serious youth violence, and to explore sustainable approaches towards violence reduction. An additional £3 million of growth funding has been allocated to the VRU in 2021-22.
- 4.9 Since 2019-20, the Home Office have made available grant funding, from which the VRU successfully bid for £7 million over the past two years. This funding has now been confirmed as continuing for 2021-22 and is included in the budget.
- 4.10 In 2020-21 the estimated cost of COVID-19 is c£58 million offset by a grant of £9.9 million in relation to medical grade PPE and expected lost income reimbursements of £7.0 million. There has also been £6.8 million received for COVID-19 enforcement activity but this is directly attributable to the associated delivery and does not reduce the net costs. The Government has just announced a further £13 million towards COVID-19 costs. The expected net cost for the 2020-21 is c£21 million. In addition to this there were COVID-19 costs of £5 million in 2019-20.

Responding to the London Recovery Board's missions

- 4.11 Together MOPAC and the MPS are committed to supporting the London Recovery Board's missions, which seek to restore confidence in the city, minimise the impact on London's most vulnerable communities and rebuild the city's economy and society – against the impact of COVID-19.
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4.12 MPS delivery includes increased access to its services online (crime reporting and local information) to ensure it is accessible to Londoners and contactable in the way people prefer to use, in person, by phone or online, responding to the 'Digital Access for All' theme; safeguarding teams on all BCU's (Borough Command Units) and officers across London working directly on public protection, supporting victims of domestic abuse and children, contributing to 'A Robust Safety Net' theme; as well as Dedicated Ward Officers in each of London's wards who provide visible reassurance and an accessible point of contact, responding to the 'High Streets for All' theme.

Gross revenue expenditure

4.13 The Mayor is proposing a gross revenue expenditure budget for MOPAC of £3,968.2 million in 2021-22. This figure is derived from the subjective analysis in Appendix B Table 1 by adding Total Expenditure to Additional Pension Costs. The proposed budget is £101.4 million higher than the forecast 2020-21 outturn of £3,866.8 million and £71.4 million greater than the revised 2020-21 budget of £3,896.8 million.

Net revenue expenditure and council tax requirement

4.14 After deducting fees, charges, and other income, the use of reserves from MOPAC's gross revenue expenditure and its share of the estimated council tax collection fund surplus for 2020-21, the Mayor proposes that MOPAC's financing requirement for 2021-22 will be £3,597.9 million. The Mayor's proposed revenue budget for MOPAC is set out in the table below on an objective basis.

Objective analysis	Revised Budget	Forecast	Budget	Plan
MOPAC	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Metropolitan Police Service				
Frontline Policing	1,330.2	1,402.4	1,384.0	1,524.4
Met Operations	839.7	856.9	829.0	820.1
Specialist operations	449.9	440.6	431.2	427.9
Corporate services	541.7	554.5	532.3	516.5
Professionalism	113.8	114.3	104.5	102.5
Total business groups	3,275.3	3,368.7	3,281.0	3,391.4
Discretionary pension costs	34.6	35.0	34.4	34.4
Centrally held	103.9	12.5	141.9	266.8
Capital financing costs	98.4	95.1	134.1	166.4
Total corporate budgets	236.9	142.6	310.4	467.6
Mayor's Office for Policing and Crime				
Victims Services and Crime Prevention	68.7	61.3	55.4	44.8
Oversight and Accountability*	7.1	6.6	7.5	7.6
Shared audit function	1.6	1.4	1.7	1.7
Total MOPAC	77.4	69.3	64.6	54.1
Violence Reduction Unit (VRU)	19.7	18.8	22.1	13.2
Additional funding required	0.0	0.0	0.0	-249.2
Net revenue expenditure	3,609.3	3,599.4	3,678.1	3,677.1
Transfer to/from (-) reserves	25.3	34.2	-80.2	-62.1
Financing requirement	3,634.6	3,633.6	3,597.9	3,615.0
Specific grants	690.3	689.3	612.9	579.1
Retained business rates	118.7	118.7	27.9	28.5
Council tax collection fund surplus/ (deficit)	10.0	10.0	-6.3	-7.2
Home Office Police Grant	2,048.5	2,048.5	2,158.5	2,181.3
Council tax requirement	767.1	767.1	804.9	833.3

*Management and oversight of public complaints was legally transferred to MOPAC from MPS in February 2020.

- 4.15 The budget for 2021-22 reflects the Mayor's proposed £15 increase in the policing element of the GLA's Band D council tax. The Mayor has made a decision on the proposed increase for the policing element after considering the Home Office's police finance settlement. The effect of the £15 increase is to generate an additional £28.5 million of income over the November budget assumption. The final position on the council taxbase is better than forecast and as a result an additional £38.1 million of income is available and allocated in this budget.
- 4.16 Of this additional allocation £8 million will be used to fund services provided by MOPAC and the VRU to reduce violence and support victims of crime, such as expanding GPS tagging of violent offenders after prison and extending the funding for youth work services for young victims of violence seen in London's 4 Major Trauma Centres and A&Es. £3 million of this funding has provisionally been allocated for the VRU, as set out above.

4.17 In 2019-20 the Mayor placed £118.6 million into earmarked MOPAC reserves in anticipation of Government changes to the business rates system that could delay receipt of the growth income used by him to fund an additional 1,000 officers. In the earlier Draft Budget, this was planned to be used to fund these officers in 2021-22 and 2022-23 (given the loss of business rates growth caused by the impact of COVID-19), creating an uncertainty over funding thereafter if business rates growth did not recover. This funding gap is now addressed by the allocation of the additional £30.1 million baselined funding. This reduces the amount of funding the MPS needs to draw from this reserve.

Explanation of budget changes

4.18 An analysis of the year on year movement in the Mayor's proposed council tax requirement for MOPAC compared to the revised budget for 2020-21 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2020-21 council tax requirement	767.1
<i>Changes due to:</i>	
Inflation	36.0
Savings and efficiencies	-69.3
Net change in existing service expenditure	102.1
Change in use of reserves	-105.5
Reduction in council tax collection surplus	10.0
Council tax collection fund deficit	6.3
Net change in government grants and retained business rates funding	58.2
2021-22 council tax requirement	804.9

Inflation

4.19 The Budget currently includes a provision for inflation of £36.0 million. This includes the full year effect of the 2020-21 pay increase for officers, PCSOs and staff. However, the Chancellor announced in the Spending Review that there would be a public sector pay freeze for 2021-22 and the budget therefore assumes no pay inflation for 2021-22.

Savings and efficiencies

4.20 For 2021-22, MOPAC/MPS is required to find £69.3 million of savings and efficiencies, which comprises savings already identified in the February 2020 published budget of £50.2 million and new identified savings of £19.3 million, as shown in the table above. In addition to this, further savings of £22.8 million have been achieved during 2020-21, as required by the Mayor's Budget Guidance issued on 26 June 2020.

4.21 In 2022-23 there is estimated to be a structural budget gap of £55.1 million. The Mayor and the Metropolitan Police Commissioner will continue to seek efficiency improvements and savings but given that around £886 million has already been delivered since 2013-14 it will be extremely difficult to find yet more savings and efficiencies. In addition, the 2022-23 planned budget includes a gap of £194.1 million arising from the Commissioner's judgement that London requires a total of 6,000 additional officers from the national Police Officer Uplift programme. This would require an additional 3,261 officers to be funded by the Government in 2022-23, but they are yet to announce what funding they will provide.

Net change in service expenditure and income

4.22 The budget for 2021-22 proposes a £40.8 million net reduction in service expenditure and income. This reflects a number of net movements including the impact of the public sector pay freeze.

Change in use of reserves

4.23 In 2021-22 the budget proposes a £80.3 million use of reserves. The most notable drawdown is £29.3 million from the £118.6 million of retained business rates income paid in advance by the Mayor in 2019-20 to fund the additional 1,000 police officers until at least March 2023. There is also a £10.1 million drawdown to support transformational activity and a £18.2 million proposed drawdown from MOPAC earmarked reserves for crime reduction and victim support projects

4.24 For 2022-23, there is a further £62.3 million planned use of reserves including the use of the reserves to fund the 1,000 officers outlined above.

Net change in Government grants and retained business rates

4.25 The Mayor is proposing that MOPAC will receive £27.9 million in funding via retained business rates in 2021-22; the majority of this funding reflects the policing share of historic council tax freeze grant which since 2016-17 has been allocated through retained business rates to the GLA through the local government finance settlement.

4.26 In addition, MOPAC is forecast to receive an increase of £110 million in Home Office core Police Grant in 2021-22 compared to the allocation for 2020-21. The increase includes £94.4 million for the MPS share of the national Police Officer Uplift programme for approximately 1,370 of the additional 6,000 officers across policing in England and Wales in 2021-22. The budget continues to assume that MPS will receive 6,000 of the national uplift of 20,000 officers. A further 3,261 officers are therefore assumed to be allocated to MPS in 2022-23. This gives rise to the non-structural gap described in paragraph 4.21 above.

4.27 There is a forecast decrease in specific grants of £76.4 million from £689.3 million in 2020-21 to £612.9 million in 2021-22. This reduction includes £20.1 million for Home Office surge funding which the Government has yet to confirm will continue. The remaining movements relate to one-off grants in 2020-21, including £36.9 million for COVID-19 additional funding and £10.3 million for Counter Terrorism Policing Headquarters change programmes.

Equalities

- 4.28 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.
- 4.29 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. Those assessments will then be published as part of the decision-making process.

Environmental impact

- 4.30 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.
- 4.31 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 31 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 598 electric, hybrid or hydrogen vehicles. By 2025, the entire support fleet of 800 vehicles will be hybrid and from 2025 the MPS will seek to ensure that all new vehicles purchases are hybrid or electric.

Reserves

- 4.32 At 31 March 2021, MOPAC's general reserves are expected to total £67.7 million and these are forecast to reduce by £0.9 million in each of the following two financial years. It is forecast that MOPAC will hold £265.3 million of earmarked reserves at the close of 2021-22 and these reserves will fall to £178.8 million by the end of 2022-23. The expected movements in reserves over the planning period are set out in the following table.
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Movement in reserves during financial year	Outturn 2019-20 £m	Forecast 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
Opening balances	230.6	438.1	472.4	331.9
<i>Transfers to/from (-):</i>				
Earmarked reserves	190.5	30.3	-139.5	-86.6
General reserves	17.0	4.0	-0.9	-0.9
Closing balances	438.1	472.4	331.9	244.4

4.33 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 2022-23 include £178.7 million of funding that was put aside for activities in future years predominantly for the MPS Transformation Programme.

Total reserves at end of financial year	Outturn 2019-20 £m	Forecast 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
Earmarked reserves	374.5	404.8	265.3	178.7
General reserves	63.6	67.7	66.6	65.7
Total	438.1	472.4	331.9	244.4

London Fire Commissioner

- 5.1 The London Fire Commissioner (LFC) is responsible for fire and rescue services in London and supporting the London boroughs in their emergency planning role. It oversees the work of the London Fire Brigade (“LFB”/ “Brigade”).
- 5.2 LFC’s Integrated Risk Management Plan (IRMP), known as 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.
- 5.4 The publication of the Grenfell Tower Inquiry stage 1 report in October 2019 and Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Service’s (HMICFRS) inspection in December 2019, set out a number of recommendations requiring urgent action from the LFB. In January 2020 the London Fire Commissioner published his Transformation Delivery Plan, setting out the strategy and priorities for the LFB. A Transformation Director has been appointed and a new Transformation Directorate created. The ongoing transformation of the Brigade will be a key element of the next IRMP.
- 5.5 The Hackitt Review and Grenfell Tower Inquiry have led to a greater understanding of the nature of the built environment in London, and the risks posed by it. Whilst the new legislative and regulatory environment remains under development by the Government, responding to these changes has resulted in a substantial resourcing commitment for the LFB, which is expected to continue in the medium term. This creates a resulting funding pressure, which will need to be addressed both by the Government as part of future Spending Reviews, and by the Brigade as part of the development of the next IRMP.
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- 5.6 The COVID-19 pandemic has also had an unprecedented impact across the public sector in terms of demand, service delivery and economic consequences. Throughout the pandemic the LFB has provided essential services to London including collaborating with partners at the London Ambulance Service. The financial impact of COVID-19 has been closely monitored throughout the 2020-21 financial year and has also been considered during the 2021-22 budget process. COVID-19 continues to provide a level of uncertainty and its ongoing impact is being closely monitored.

Responding to the London Recovery Board's missions

- 5.7 The budget supports the London Recovery Board's missions, which seek to restore confidence in the city, minimise the impact on London's most vulnerable communities and rebuild the city's economy and society – against the impact of COVID-19 in the city. On a 'New Deal for Young People', the Brigade is helping to address this through engagement with over 200,000 children and young people annually across a range of schemes in all London Boroughs to raise awareness of fire and wider risks such as water and road safety. As part of the Fire Cadets programme, young people are mentored by volunteers who support the delivery. Young people who complete a Fire Cadets course then have the opportunity to come back and support new Fire Cadets.
- 5.8 The Brigade will also support 'Mental Health and Wellbeing' through ensuring that support, information and sources of help are always available to all of its employees so that their mental, physical and workplace health allows them to fulfil their roles in being trusted to serve and protect London. LFB will support 'Helping Londoners into Good Work' by including skills and employment requirements into contracts that exceed the estimate value thresholds for Services and Works, as set out in the skills model developed by TfL and adopted across the GLA Group.

Gross revenue expenditure

- 5.9 The Mayor is proposing an increase in the LFC's gross revenue expenditure of £10.1 million, from £479.2 million in the revised LFC budget for 2020-21 to £489.3 million in 2021-22, an increase of 2.1 per cent. There is a reduction compared to the forecast outturn for 2020-21 of £3.6 million.

Net revenue expenditure and council tax requirement

- 5.10 After deducting fees, charges, and other income from LFC's gross revenue expenditure the Mayor proposes that its net expenditure for 2021-22 before the use of reserves will be £448.1 million. Its financing requirement after the use of reserves is £438.8 million.
- 5.11 The Mayor is proposing a 1.99 per cent increase in the non-policing element of the Band D GLA council tax charge in 2021-22. The additional income generated as a result of this increase will be allocated in full to the LFC, reflecting the need to address the additional funding pressures faced by the LFB in future years. The council tax requirement for the LFC is currently expected to increase from £168.6 million in 2020-21 to £171.8 million in 2021-22.
- 5.12 The Mayor's proposed revenue budget for LFC is set out in the following table on an objective basis.

Objective analysis	Revised Budget	Forecast	Budget	Plan
London Fire Commissioner	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Community safety	41.1	41.0	39.5	38.2
Firefighting and rescue	375.9	374.0	376.9	377.6
Firefighters' pensions	22.2	22.5	22.0	22.2
Emergency planning and London Resilience Team	1.2	1.2	1.1	1.1
Central services	0.1	0.1	0.2	0.2
Savings to be identified	0.0	0.0	0.0	0.0
Net service expenditure	440.5	438.8	439.7	439.4
Capital financing costs	8.0	8.7	9.0	11.7
External interest receipts	-0.6	-0.6	-0.6	-0.6
Net revenue expenditure	447.9	446.9	448.1	450.5
Transfer to/from (-) reserves	-13.2	-10.3	-9.3	-5.9
Financing requirement	434.7	436.6	438.8	444.7
Specific grants	33.2	35.1	40.2	33.3
Council tax collection fund surplus/ (deficit)	0.0	0.0	-1.4	-1.6
Retained business rates	232.9	232.9	228.1	232.7
Council tax requirement	168.6	168.6	171.8	180.3

Explanation of budget changes

- 5.13 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 2020-21 is set out below. An explanation of the year-on-year changes is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2020-21 council tax requirement	168.6
<i>Changes due to:</i>	
Inflation	8.6
Savings and efficiencies	-4.2
Net change in service expenditure and income	-4.2
Change in use of reserves	3.9
Net Change in Government grants and retained rates	-0.9
2021-22 council tax requirement	171.8

Inflation

- 5.14 The Budget includes a provision for inflation of £8.6 million. This includes £2 million of contractual inflation and £6.6 million of inflation relating to budgeted staff pay awards. The latter is to be reviewed in light of the Chancellor's Spending Review announcement on the proposed public sector pay freeze in 2021-22, and developments in national pay negotiations.

Savings and efficiencies

- 5.15 The Budget incorporates planned savings and efficiencies of £4.2 million.

Net change in service expenditure and income

- 5.16 The Budget includes an £4.2 million change in service expenditure and income. This includes an increase in capital financing costs of £1 million, pressures and takes account of the additional budget savings required in 2020-21. The increases in service expenditure in 2021-22 will be met from the LFC reserves, with the intention that the budget gap from 2022-23 will be considered as part of the next IRMP.

Change in use of reserves

- 5.17 The Budget proposes a net decrease in the transfer from reserves of £3.9 million, reflecting the additional funding provided by the Mayor through council tax and the local council tax support grant.

Net change in Government grants and retained rates

- 5.18 The Mayor is proposing that LFC will receive £228.1 million in funding via retained business rates in 2021-22; in addition, LFC is forecast to receive £40.2 million of specific government grants, including one-off Council Tax Support grant allocated by the Mayor. Together this equates to a net £9.0 million increase in funding received from these two sources. Specific grants are assumed to reduce by £6.9 million in 2022-23. The specific grant figure in both years includes firefighters pension grant of £21.7 million, in the absence of clarity from Government about how this will be treated in future funding settlements.

Equalities

- 5.19 The LFB continues to work closely with the GLA Group on the implementation of the Mayor's equality, diversity and inclusion strategy and commitment to economic fairness. Following cross-organisational consultation and engagement, the Brigade launched its new inclusion strategy, the 'Togetherness Strategy' on 1 July 2020. Embedded within this strategy are commitments to increasing capability and capacity of the organisation to embed equality considerations into all elements of decision making.
- 5.20 The requirement for each budget proposal to undergo an Equality Impact Assessment was communicated to all Heads of Department as part of the LFB budget guidance. This included specific instructions setting out the LFB's obligations under the Equality Act and Public Sector Equality Duty, with guidance to support them to complete Equality Impact Assessments (EIAs) on relevant proposals. In addition, an EIA has been undertaken on the proposals which have a direct impact on staff (fewer than 10) who are in positions which are at risk of deletion.

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

Environmental impact

5.22 LFC's 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 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.

Reserves

5.23 At 31 March 2021, LFC's general reserves are expected to total £15.6 million and are forecast to remain at the same level until at least March 2023.

5.24 It is forecast that LFC will hold £53.4 million of earmarked reserves at the close of 2020-21; these reserves are forecast to reduce to £38.2 million by the end of 2022-23. 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
	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Opening balances	75.4	79.3	69.0	59.7
<i>Transfers to/from (-):</i>				
Earmarked reserves	5.7	-4.5	-9.3	-5.9
General reserves	-1.8	-5.8	0.0	0.0
Closing balances	79.3	69.0	59.7	53.8

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

Total reserves at end of financial year	Outturn	Forecast	Budget	Plan
	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Earmarked reserves	57.9	53.4	44.1	38.2
General reserves	21.4	15.6	15.6	15.6
Total	79.3	69.0	59.7	53.8

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, London Underground and Overground, the Docklands Light Railway (DLR), London Tram and London River Services. It is also responsible for managing the Congestion Charge, Ultra-Low Emission Zone, Low Emission Zone, maintaining London's main roads and traffic lights, regulating taxis and private hire vehicles, making London's transport more accessible and promoting walking and cycling initiatives.

Key deliverables

- 6.2 The key deliverables over the next year include:
- capital investment of £2.8 billion, including renewals, line upgrades and contributions to Crossrail, including Elizabeth line trains and enabling works;
 - investing significant amounts in continuing the extensive cleaning regime introduced at the start of the pandemic to ensure the transport network is cleaner than ever before and keeping customers and staff safe. Other measures to keep people safe include social distancing signage and the mandatory wearing of face coverings. These will continue in line with Government policy;
 - continuing the electrification of London Buses, which with currently 380 zero emission buses is one of the largest electric fleets in Europe, so that all are zero-emission by 2037 at the latest. TfL will also work with bus operators to implement a world-leading Bus Safety Standard, including all new buses purchased from August 2019 requiring Intelligent Speed Assistance as standard;
 - continuing to optimise the bus network in response to changing demand, and TfL and partner authorities' plans for other modes. In outer London, service volume will grow by six million kilometres by 2022-23 compared to pre-pandemic levels in 2019-20. In Inner London, where there are more sustainable alternatives and many instances of bus congestion, TfL will reduce the network in a targeted way by removing excess capacity on some routes;
 - driving forward the Vision Zero action plan to eliminate deaths and serious injuries on London's roads, through the delivery of more Safer Junctions, continued rollout of 20mph speed limits, enhanced policing and enforcement, and ensuring safety is at the heart of all projects undertaken;
 - helping to clean up London's dangerous air quality by toughening the Low Emission Zone (LEZ) standards for heavy vehicles in March 2021 and, in October 2021, expanding the ULEZ - the toughest air quality standard of any city in the world - to cover all roads within the North and South Circular roads;
 - delivering a world-leading road incident management system expected to launch in March 2022;
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- a material year-on-year increase in funding for renewal of borough roads and bridges. Following the long-term capital plan review TfL is allocating £40 million to these crucial structures, and will award funding to those structures most in need of repair; and
- borough funding for the Local Implementation Plan (LIP) programme is retained at the same level as agreed in last year's plan, however any future schemes are dependent on TfL's ability to secure a sustainable funding solution.

Responding to the London Recovery Board's missions

- 6.3 Despite the significant operational and financial challenges faced throughout the year, TfL has continued to prioritise investment to ensure it maintains a safe and reliable network. In addition to this, it is progressing a number of schemes which contribute to London's recovery with a particular focus on three of the nine recovery missions: A Green New Deal, High Streets for All and Healthy Food, Healthy Weight. TfL's existing work around active travel, improving connectivity and initiatives such as Low Traffic Neighbourhoods will also support the objectives of the remaining missions.
- 6.4 A large proportion of TfL's core and strategic investment already supports the missions. For example, TfL invested £55 million in the first half of 2020-21 on Active Travel initiatives, including Streetspace which saw the delivery of more than 66km of new cycle lanes, 180 pedestrian spaces, 88 Low Traffic Neighbourhoods and 322 school streets - with a similar amount planned for the second half of 2020-21. This activity enhanced public safety and health, helped to protect against a car led recovery and encouraged more active and healthy lifestyles across London, contributing to the Green New Deal and Healthy Food, Healthy Weight missions. In addition, the London Streetspace Programme has reallocated over 22,500 square metres of highway to pedestrians over 30 sites, including some of London's busiest high streets. These changes are helping Londoners safely visit local high streets and will also help support local economies.
- 6.5 On the Green New Deal, TfL's budget continues the electrification of London buses, already the largest electric fleet in Europe with 380 electric buses, improving London's air quality and promoting a green recovery. TfL's budget includes assumptions for the tightening of the Low Emission Zone standards from March 2021, and the expansion of the Ultra Low Emission Zone in October 2021 which will improve air quality along some of the most polluted routes of London.
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6.6 A safe, reliable, and affordable transport system is at the heart of our city and as a result transport is regarded by the GLA as a Recovery Foundation. While there are clear and explicit programme links to some missions, TfL's work more broadly to provide a good public transport experience, unlock good growth across the city, and enable healthy and active travel will support all of the missions. For example, TfL's budget also continues step-free access schemes across the London Underground network, having recently completed Mill Hill East and Cockfosters station, and with work underway to deliver a further seven step-free stations by the end of 2021, ensuring TfL's network becomes more accessible to more individuals. Another example is TfL's housing programme, which will see progression during 2021-22 including construction commencing at Bollo Lane, as part of its plans to deliver 10,000 new homes, 50 per cent of which will be genuinely affordable homes.

Gross revenue expenditure

6.7 TfL's Gross revenue expenditure in 2021-22 is proposed to increase by £415.1 million to £7,531.4 million compared to the latest forecast outturn for 2020-21 of £7,116.2 million. This is as a result of new initiatives – including ULEZ expansion in October 2021 and activities related to the future opening of the Elizabeth line – and inflationary pressures, as well as non-repeatable savings made from running fewer services at the height of the pandemic. The proposed budget is also £379.1 million higher than the revised budget for 2020-21 of £7,152.2 million.

Net revenue expenditure and council tax requirement

- 6.8 The pandemic has exposed TfL's reliance on covering its operating costs from fare revenue (72 per cent) compared to similar transport authorities in other major cities. TfL expect passenger journeys to only return to 80 per cent of pre-pandemic forecasts by the end of 2021-22 and throughout 2022-23. The delay in the opening of the Elizabeth line to the first half of 2022 means the consequent uplift in passenger income will begin later than previously modelled.
- 6.9 In 2021-22, TfL expect ridership to grow from around 40 per cent to 80 per cent by the end of the year as coronavirus restrictions are slowly lifted. This results in a loss of passenger income of £2,136.4 million compared to last year's plan. Therefore, 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 2021-22 is £2,987.9 million. An analysis of the revenue budget by service area is summarised on the table below.
- 6.10 The Mayor proposes, as a result of the pandemic, that TfL's council tax requirement for 2021-22 will increase from £6.0 million to £51.6 million including £43.2 million to meet the 2021-22 costs of London-specific transport concessions and £2.4 million of additional funding towards the London Vehicle Scrappage Schemes. The revenue element of retained business rates allocated would reduce to £862.1 million from £893.9 million. The balance of its net revenue expenditure is assumed to be financed by £2,934.8 million of extraordinary grant income to come from the Government.
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- 6.11 The funding agreement for the second half (H2) of 2020-21, reached between the Department for Transport and the Mayor, required the Mayor to raise additional income to meet the 2021-22 costs of London-specific transport concessions. TfL forecasts that the cost of relevant travel concessions for 2021-22 is between £110 million and £130 million. The proposed council tax increase will raise in the region of £43.2 million, leaving between £67 million and £87 million to be covered by projected Congestion Charge income. Temporary changes to the scope and level of the Congestion Charge were introduced in June 2020 in accordance with the Government funding settlement for TfL in May 2020. TfL continues to keep these temporary changes under review but it seems likely that they will need to be in place for the first six months or so of the 2021-22 financial year owing to the ongoing impact of the pandemic, and to ensure people return to public transport and not the car as restrictions are eased. Any decision to implement these changes on a more permanent basis would be subject to an impact assessment, consultation and Mayoral decision.
- 6.12 The nature and extent of the extraordinary grant funding required will depend on Mayoral and Government decisions, as well as how the Government proposes to implement various schemes it has announced to assist local authorities in managing council tax and business rates losses. The extraordinary grants included in the table below are subject to negotiation with the Government, including regarding the Financial Sustainability Plan submitted by TfL to the Department for Transport in January 2021, as required under the Extraordinary Funding and Financing Agreement reached with the Department for Transport on 31 October 2020. Other specific grants are forecast to reduce by £34.2 million in 2021-22 TfL compared to the 2020-21 revised budget due to the loss of one-off benefits in 2020-21 from the Government's Coronavirus Job Retention Scheme.
- 6.13 From January 2021, this plan assumes that fares increase by the July 2020 retail price index plus one per cent (total 2.6 per cent), helping to support vital investment in public transport. Whilst this level of fares rise is assumed to continue throughout the life of the plan, TfL fares are set by the Mayor on an annual basis. The table below sets out TfL's budget on an objective basis.
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Objective analysis TfL	Revised Budget 2020-21 £m	Forecast 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
<i>Income</i>				
Passenger income	-1,315.3	-1,480.1	-3,275.6	-4,559.1
CC, LEZ & ULEZ income	-354.0	-408.0	-762.9	-1,157.5
Other income	-318.4	-325.6	-411.3	-477.1
Elizabeth line regulatory income	0.0	0.0	-69.6	-338.4
Interest income	-4.5	-5.0	-1.2	-1.6
Subtotal income	-1,992.2	-2,218.7	-4,520.6	-6,533.7
<i>Operating costs</i>				
London Underground	2,071.8	2,075.3	2,164.9	2,118.4
Buses/Streets/Other Surfaces	2,804.6	2,821.7	2,962.5	3,173.1
Rail	476.0	465.2	498.2	546.5
Elizabeth line	337.7	337.0	432.0	457.6
Elizabeth line Regulatory charge	0.0	0.0	69.6	338.4
Other Operations	963.5	916.0	847.2	821.5
Property Development	38.0	38.4	45.1	46.1
Subtotal operating costs	6,691.6	6,653.6	7,019.6	7,501.6
<i>Other</i>				
Third-party contributions	-35.9	-34.4	-22.9	-19.2
Debt servicing	460.7	462.6	511.8	507.1
Subtotal other	424.8	428.2	488.9	487.9
Net service expenditure	5,124.2	4,863.1	2,987.9	1,455.8
Revenue resources used to support capital investment*	-399.4	-643.9	959.0	776.7
Transfer to/(from) reserves	-911.2	-648.5	-83.9	329.5
Financing requirement	3,813.6	3,570.7	3,863.0	2,562.0
Specific grants	48.7	81.8	14.4	13.8
Retained business rates	893.9	893.9	862.1	875.7
Council tax collection fund deficit	0.0	0.0	0.0	-0.1
Extraordinary grant	2,865.0	2,589.0	2,934.8	1,620.3
Council tax requirement	6.0	6.0	51.6	52.3

*Funded by reserves and extraordinary grant

Explanation of budget changes

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

Changes in the council tax requirement	£m
2020-21 council tax requirement	6.0
<i>Changes due to:</i>	
Inflation	131.6
Savings	-100.5
Passenger and commercial revenue and other income	-2,528.4
Net change in service expenditure, excluding inflation and savings	309.9
Net change in revenue resources used to support capital investments	1,358.3
Extraordinary grant	-69.8
Debt Servicing	51.1
Government and other revenue funding	66.1
Change in use of reserves	827.4
2021-22 council tax requirement	51.6

Inflation

6.15 The Budget proposes that net costs will increase by £131.6 million as a result of inflation. This represents 2.0 per cent of operating costs and is line with UK inflation forecasts. TfL's savings programme aims to offset the impact of inflation as much as possible, maintaining like-for-like operating costs broadly at the previous year's levels.

Savings and efficiencies

6.16 The total savings and efficiencies which have been identified by TfL for 2021-22, compared to the 2020-21 budget total £100.5 million and are summarised below. The figures are presented on an incremental basis and do not include any savings still to be identified. These savings, all of which deliver cashable benefits, are embedded in the divisions, as summarised below.

6.17 London Underground are budgeting to deliver additional savings of £73.7 million in 2021-22 through their modernisation plan:

- improving the way maintenance activities are planned, enabling better value from the supply chain; and
- examining how maintenance work is carried out, ensuring that ways of working are safe, as well as more efficient, through better use of data and technology.

6.18 Surface Transport – Buses, Streets and Other Operations, and Rail – are forecast to deliver £24.8 million of new incremental savings in 2021-22:

- commercial savings on the bus network through negotiated revised contracts providing better value; and
- savings on Rail through working up more efficient activity plans and performance with contractors for next year, making savings for both contractor and TfL.

Passenger and commercial revenue and other income

6.19 Passenger, commercial and other income (including interest income) is estimated to increase by £2,528.4 million, from £1,992.2 million in the revised budget for 2020-21 to £4,520.6 million in 2021-22. To illustrate the uncertainty around how travel patterns may recover to pre-pandemic levels, TfL has developed five different passenger travel models using consistent assumptions which shows a range of +/- £500 million. The central scenario in this plan assumes a winter 2020 lockdown and then a cautious growth in travel in line with the recovery seen through summer 2021, but with no further lockdowns.

Net change in operating expenditure

6.20 The net change in operating expenditure, excluding inflation and savings is an increase of £309.9 million, as a result of new initiatives – including the ULEZ expansion in October 2021 and activities related to the planned opening of the Elizabeth line. The plan for 2021-22 fully covers the cost of debt servicing allowing for the transfer of revenue resources to support the capital plan.

Net change in revenue resources to support capital expenditure

6.21 Due to the significant COVID-19 impacts on the investment programme in 2020-21, grant funding was in surplus to requirements of the capital programme by £399.4 million in the year, with BRR Capital and Extraordinary Grant utilised to support the operating account. In 2021-22, this position reverses and the operating account provides a level of support to the value of £959 million for the capital programme as a catch up of investments and capital renewals occurs in this year. The overall movement is £1,358 million.

Debt servicing

6.22 Debt servicing costs are proposed to increase by £51.1 million in 2021-22 compared to the revised 2020-21 Budget owing to a £35.0 million Crossrail borrowing repayment commencing in 2021-22 and £16.1 million interest costs from £1,352 million of net incremental borrowing undertaken in 2020-21, partially offset by lower interest costs on refinanced debt. No new borrowing is planned for 2021-22 and 2022-23.

Other revenue grants and business rates

6.23 Overall income from other grants is budgeted to decrease by £34.2 million in 2021-22 compared to the revised 2020-21 Budget. This is primarily due to a one-off allocation received from the Government through the Coronavirus Job Retention Scheme in 2020-21. For 2021-22, the Mayor has allocated £1.8 million of additional funding towards the London Vehicle Scrappage Schemes.

6.24 Following submission of the billing authority forecasts due in late January 2021 and decisions around funding for concessionary fares, the assumption for the purposes of this Budget is that the Mayor would allocate a total of £1,843.9 million to TfL in 2021-22, comprising of funding from the Mayor's council tax precept of £51.6 million and business rates funding of £1,792.3 million. Of the £1,792.3 million business rates funding the Mayor proposes to allocate £862.1 million to the operating account, as shown in the objective analysis table above and £930.2 million for capital expenditure, shown in the draft capital plan in Appendix D. Funding received under the business rates retention scheme can be used to cover operating and financing costs and capital expenditure at the Mayor's discretion. The business rates allocated in this plan is fully indexed from 2020-21 in line with September CPI.

Equalities

6.25 TfL's obligations in equalities legislation, the Mayor's Transport Strategy and Inclusive London form the basis of TfL's work on inclusion, diversity, equality and accessibility. They set out a bold and ambitious vision for maximising the opportunities available to Londoners, whilst also building stronger, thriving and connected communities by making London more accessible and inclusive.

6.26 TfL's plans are underpinned by a commitment to inclusion, diversity, equality and accessibility, which will be set out in a statement of intent in early 2021.

- this will build on TfL's existing customer facing work and TfL's Action on Equality strategy;
- it will have a short-term focus, recognising current workforce and customer diversity and inclusion challenges;
- it will consider the social impacts of the pandemic, how TfL has responded and ambitions for an inclusive recovery, to enable a conversation with stakeholders and Londoners;
- it will set out how TfL will be actively anti-racist as an organisation and ensure its workforce becomes more representative of Londoners at all levels through diverse recruitment and inclusive leadership, cultures, systems and behaviours; and
- it will ensure considerations around inclusion are at the very heart of decision-making. The statement of intent will be underpinned by a more detailed diversity and inclusion programme plan with metrics focused on closing the gaps in outcomes between minority groups and others.

6.27 The TfL Scorecard provides measures for tracking progress against key priorities including reducing the existing inclusion disparity gap. During 2020-21 TfL has implemented two scorecards – one during the first half of the year and another in the second half. This reflects the rapidly changing environment – but TfL's main focus as always, is the safety of its customers, staff and supply chain.

Environmental impact

6.28 TfL is committed to investing in initiatives which reduce emissions of air pollutants and greenhouse gases from all transport sources in London. They are also undertaking actions to increase the resilience of transport to the impacts of climate change and deliver increased green infrastructure across the transport network.

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- 6.29 The ULEZ came into effect in central London in April 2019 and has had a significant impact in air quality in its first 18 months of operation. From the 1 March 2021, TfL will toughen the Low Emission Zone (LEZ) standards for heavy vehicles so that they are required to meet Euro VI standards to travel in the zone or pay a daily charge.
- 6.30 TfL are committed to reducing air pollution from the bus fleet. By the end of December 2020, 100 per cent of the core bus fleet (excluding additional school buses) was Euro VI compliant. TfL have one of the largest electric bus fleet in Europe, with 380 electric buses. They will introduce more zero-emission buses over the budget period as part of the Mayor's ambition for a zero-emission bus fleet no later than 2037.
- 6.31 TfL will ensure that all new cars and vans (less than 3.5 tonnes) in TfL's support fleet, are zero emission capable (ZEC) from 2025, in line with commitments in the London Environment Strategy for vehicles in the GLA Group fleet.
- 6.32 TfL will also continue to assist taxi owners in making the transition to cleaner vehicles, through ZEC taxi vehicle grants, providing the necessary electric charging infrastructure to support the switch to zero emissions, as well as delicensing payments to reduce the number of polluting diesel vehicles, helping to reduce harmful NOx emissions from the taxi sector.
- 6.33 TfL will reduce operational carbon emissions to meet the carbon budgets set out in the London Environment Strategy, through measures to improve energy efficiency and increasing the volume of renewable energy that TfL consume. As part of the Group-wide collaboration programme on energy, TfL will work alongside the GLA and other Functional Bodies to launch a process to collectively source renewable power via direct contracts with renewable energy developers. TfL is aiming to reduce waste, including single use plastics, and support the LES target of a 65 per cent municipal waste recycling rate.

Reserves

- 6.34 At 31 March 2021, general reserves are expected to total £500.0 million and are budgeted to remain constant at the same level in each of the following financial years.
- 6.35 It is forecast that TfL will hold £348.0 million of earmarked reserves at the close of 2020-21; these reserves will rise to £799.0 million by the end of 2022-23. Earmarked reserves have been established to finance future projects. TfL maintains a general fund to preserve adequate liquidity and protect from short term fluctuations in cash requirements.
- 6.36 The expected movements in reserves over the planning period are set out in the following table.
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Movement in reserves during financial year	Outturn 2019-20 £m	Forecast 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
Opening balances	1,606.5	1,580.7	848.0	1,120.0
<i>Transfers to/from (-):</i>				
Earmarked reserves*	-375.8	-732.7	272.0	179.0
General reserves	350.0	0.0	0.0	0.0
Closing balances	1,580.7	848.0	1,120.0	1,299.0

*The Appendix H movement in reserves reports revenue movements only whereas the table above includes capital drawdowns.

6.37 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 2022-23 include funding that is being put aside for TfL's Investment Programme.

Total reserves at end of financial year	Outturn 2019-20 £m	Forecast 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
Earmarked reserves	1,080.7	348.0	620.0	799.0
General reserves	500.0	500.0	500.0	500.0
Total	1,580.7	848.0	1,120.0	1,299.0

London Legacy Development Corporation

- 7.1 The London Legacy Development Corporation (LLDC) is responsible for promoting and delivering physical, social, economic and environmental regeneration in Queen Elizabeth Olympic Park (QEOP) and surrounding area. LLDC is a Mayoral Development Corporation (MDC). In particular, LLDC 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, LLDC has delivered the transformation of the Park and venues from their Olympic to their legacy configuration. LLDC also works in partnership to bring forward regeneration schemes and housing to further the transformation of east London enabled by the London 2012 Games. Two such housing schemes are under contract and in progress, one at Chobham Manor and one at East Wick and Sweetwater. Further work includes delivering East Bank, a new cultural and educational centre, new social and transport infrastructure, and working with the host boroughs and other partners to create economic opportunity and support local people and businesses, as they seek to access it.

Key deliverables

- 7.3 During 2021-22 the LLDC's revenue and capital budgets will be deployed to deliver its objectives, which include:
- continuing construction of East Bank Stratford Waterfront cultural and educational buildings to programme;
 - Chobham Manor development construction completed (phases 3 and 4);
 - East Wick and Sweetwater phase 1 construction completed; delivery for later phases agreed and construction commencing;
 - developer selected for Stratford Waterfront and Bridgewater residential development; joint venture established;
 - Hackney Wick Neighbourhood Centre design and Planning completed; commencement of construction;
 - continuing Stadium operations including football, summer concerts and athletics and work towards improving its financial sustainability, including commercial opportunities;
 - managing and maintaining the quality and safety of the Park and venues, including retaining Green Flag status, making adjustments in line with any changes to guidelines relating to COVID-19 and attracting visitors in line with those restrictions;
 - supporting safe delivery of major events including the Rugby League Wheelchair World Cup;
 - continuing to deliver the QEOP 'East Works' jobs and skills programme;
 - successfully operating the Good Growth Hub, the physical facility to consolidate and scale the East Works;

- supporting the Mayor’s agenda for ensuring that GLA Group organisations are inclusive and diverse; and
- opening the proposed High Ropes visitor attraction.

Responding to the London Recovery Board’s missions

- 7.4 LLDC’s work supports the Recovery Board’s missions in a number of areas. Its drive to create an inclusive innovation district has seen QEOP host trials for driverless vehicles, e-scooters and cargo-bike deliveries. Its sports programming is aimed at engaging young people in a wide range of physical activities and its skills and employment programmes are helping provide young people with the skills to compete for opportunities in the emerging tech and creative sector. The soon-to-open Good Growth Hub will deliver pre-employment boot camps, technical skills training, higher education bursaries, paid internships and placements as well as business support and inclusive training for employers. The quality parklands provide the space and environment to benefit health and well-being – both physical and mental. Five new neighbourhoods will be created on QEOP, including a new centre in Hackney Wick to provide the hubs to support local groups and cohesive communities. A network of Park volunteers supports all visitors to the Park providing a mobility service alongside advice and information.
- 7.5 The continued investment in local people, creating new homes and jobs is vital to London’s response to the pandemic signalling the confidence that exists in London’s successful economic recovery. The sporting venues play host to some of the biggest international sports events keeping the world’s attention on the capital and attracting international visitors. The new museums, theatres and music studios at East Bank will help to reinforce the Park as a must-visit part of the capital while its universities and businesses will help drive further investment into the emerging innovation sector attracting businesses large and small to locate in this part of London, supported by the large pool of skilled and talented young people that exists in east London. All this activity will support the creation of jobs in an area badly impacted by COVID-19.

Gross revenue expenditure

- 7.6 Gross revenue expenditure in 2021-22 for the LLDC is budgeted to be £59.3 million including estimated capital financing costs of £11.8 million and Stadium funding of £11.8 million. The gross expenditure has decreased by £7.0 million from the 2020-21 revised budget due to savings that have been identified in line with the Mayor’s Budget Guidance and is £2.5 million higher than the forecast outturn for 2020-21.

Net revenue budget and council tax requirement

- 7.7 Net revenue expenditure in 2021-22 is budgeted to be £39.1 million or £32.4 million net of financing costs and reserve transfers. This has decreased by £6.8 million from the 2020-21 revised budget and is summarised on an objective basis in the following table. This analysis includes additional funding towards the net impact arising from LLDC’s response to COVID-19.

Objective analysis	Revised Budget	Forecast	Budget	Plan
LLDC	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Park Operations and Venues	9.8	9.2	9.7	9.9
Trading	9.9	9.4	9.3	9.3
Developments	0.1	0.0	0.0	0.0
Regeneration	2.9	2.5	2.6	2.5
Corporate	11.0	9.9	10.1	10.8
Planning Authority	3.1	3.1	2.8	2.4
Stadium	16.6	10.9	11.8	11.1
Contingency	1.1	0.9	1.2	0.4
Financing costs	11.8	10.9	11.8	14.0
Income/savings to be identified	0.0	0.0	0.0	-3.8
Total expenditure	66.3	56.8	59.3	56.6
Park Operations and Venues	-4.0	-3.5	-4.7	-4.7
Trading	-9.0	-7.4	-8.0	-8.5
Developments	-0.2	-0.1	-0.6	-0.7
Regeneration	-0.1	-0.1	-0.1	-0.1
Corporate	-0.4	-0.4	-0.3	-0.7
Planning Authority	-1.6	-1.7	-1.4	-1.2
Total income	-15.3	-13.2	-15.1	-15.9
Transfer to/ (from) MDC reserve	-6.6	3.0	-5.1	-0.0
Net expenditure	44.4	46.6	39.1	40.7
Retained business rates*	32.6	35.7	27.3	26.7
GLA funding for financing costs	11.8	10.9	11.8	14.0
Council tax requirement	0.0	0.0	0.0	0.0

*Includes GLA COVID-19 Support

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 QEOP and venues, the impact of COVID-19 on the Corporation's finances (e.g. increased costs and loss of income) 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 in the following table.

Changes in the council tax requirement	£m
2020-21 council tax requirement	0.0
Changes due to:	
Inflation	0.5
Savings and efficiencies	-9.0
Net change in existing service expenditure	1.7
Net change in GLA funding	6.8
2021-22 council tax requirement	0.0

Inflation

7.10 The budget includes an additional £0.5 million reflecting an uplift to contract costs and the payroll costs.

Savings and efficiencies

7.11 LLDC has delivered a significant level of savings and efficiencies in previous years and its core costs for management of its deliverables and the operation and maintenance of the Park are relatively fixed. Significant savings were built into its baseline budgets, particularly in relation to the London Stadium in 2021-22 and beyond. However, in response to the COVID-19 pandemic, further savings have been identified with planned savings and efficiencies of £9.0 million between the Revised Budget 2020-21 and the 2021-22 Budget.

7.12 Budgeted savings are as follows:

- London Stadium: the venue has been closed to spectators and its summer events, which included Major League Baseball, international athletics and the Mega Hella tour, have been cancelled or postponed. As a result, the Stadium is expected to incur significantly lower operating costs in 2020-21, particularly relating to the cost of moving the seating between football and summer events mode.
- Income opportunities: LLDC has identified potential for additional income, mainly from opportunities at 3 Mills Studios and interim uses of the Corporation's remaining development sites.
- Discretionary spend: LLDC's discretionary cost base is very limited, largely due to savings delivered over previous years. However, savings identified include professional fees, IT costs, repairs and maintenance and marketing and communications. All staff vacancies are being reviewed on a case by case basis and staff redeployed to other duties where appropriate. Spending on Inclusion and Diversity has been protected.
- The budget currently reflects a funding gap of £3.8 million in 2022-23 for which LLDC will need to identify additional savings and efficiencies (including commercial opportunities), or source additional funding.

Net change in existing service expenditure

- 7.13 The budget proposes a £1.7 million net increase in service expenditure and income (excluding financing costs, reserve transfers and savings and efficiencies), largely due to forecast pressures arising from the COVID-19 pandemic which are funded additionally by the GLA.

Change in GLA funding

- 7.14 LLDC receives its revenue funding via the GLA, paid from business rates and funds held in the Mayoral Development Corporation Reserve. Funding towards the net impact arising from LLDC's response to COVID-19 is being provided outside of its core funding control totals. Total core funding in 2021-22, including reserve movements is £6.8 million less than in the revised 2020-21 Budget. The total funding provided for LLDC should be viewed in light of the financial impact from the additional development that has taken place because of the 2012 Games and its legacy. It is estimated that the resulting council tax and business rates in the LLDC area will be in the region of £80 million by 2021-22.

Equalities

- 7.15 LLDC was established to deliver the legacy ambitions of the London 2012 Games through 'the regeneration of an entire community for the direct benefit of everyone who lives there'. The host boroughs for the London 2012 Games contained some of London's most deprived neighbourhoods and communities and ambitious plans had long been fostered to regenerate this part of east London: to transform the post-industrial landscape while preserving local heritage and to create stronger economic conditions and better life chances for its residents.
- 7.16 LLDC's mission is 'to use the opportunity of the London 2012 Games and the creation of the Queen Elizabeth Olympic Park to change the lives of people in east London and drive growth and investment in London and the UK, by developing an inspiring and innovative place where people want to – and can afford – to live, work and visit.'
- 7.17 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, LLDC is promoting equality by putting in place arrangements to create more affordable housing within the residential developments around QEOP which have yet to be contracted.
- 7.19 Key positive actions being taken by LLDC include:
- reductions in gender and ethnicity pay gaps;
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- increased representation of under-represented groups at senior levels at LLDC and development programmes for employees below the senior levels;
- progress in meeting exemplary level across the Mayor's Diversity Standard; and
- successful launch of an Inclusive Culture campaign to focus on six different themes across the next 12 months.

Environmental impact

- 7.20 LLDC's policy is that QEOP 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.
- 7.21 QEOP was conceived as an environmental showcase and LLDC will continue to strive for environmental excellence. The Corporation has set a wide range of environmental performance measures and publishes an annual sustainability report.
- 7.22 The budget for activities promoting environmental sustainability supports the implementation of the London Environment Strategy across QEOP's operation and development. This includes implementing a single-use plastic reduction action plan, implementing the GLA Group Responsible Procurement policy, and developing and implementing a carbon reduction plan that enables LLDC to achieve a 60 per cent reduction in carbon emissions by 2025 from its operations, including plans to retrofit buildings, sourcing more renewable energy, offsetting all flights, and considering the opportunities to support decentralised energy and heat networks.
- 7.23 Additionally, the budget supports working with stakeholder organisations to bring about good environmental outcomes in collaboration with LLDC partners, both existing (e.g. the Smart Mobility Living Lab) and developing e.g. with the GLA and partners to promote CleanTech (environmentally beneficial products and services). The budget will also deliver environmental engagement events (including World Environment Day, Sustainable Events Management and London Climate Action Week).

Reserves

- 7.24 Historic LLDC reserves are subsumed into the GLA. The GLA will provide additional funding in lieu of these, including an estimated £5.1 million carried forward in 2021-22. This includes the planned over-delivery of savings against the Mayor's Budget Guidance in 2020-21. The reserves (held by the GLA on behalf of LLDC) phase out over time, with LLDC estimated to be fully reliant on the GLA for revenue grant funding after 2022-23.

Old Oak and Park Royal Development Corporation

- 8.1 The Old Oak and Park Royal Development Corporation (OPDC) is the Mayoral Development Corporation (MDC) for the Old Oak and Park Royal 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 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 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 The budget has been prepared in the context of OPDC moving towards a new delivery strategy, including a new focus on the regeneration of the 'Western Lands' along Old Oak Common Lane, Old Oak Lane and Victoria Road where key sites are owned by the Department for Transport and Network Rail. This involves developing an evidence base of the benefit of a comprehensive and coordinated approach to land, development and infrastructure funding to optimise the strategic opportunities that the area offers. OPDC will work towards securing the support of major partners including public sector landowners and funders.
- 8.4 OPDC's 2021-22 budget includes the costs of administering its existing statutory planning functions, which spans an area in three boroughs (Hammersmith & Fulham, Brent and Ealing); funding to support a significant increase in their interventions in Park Royal to boost the productivity and sustainability of London's largest industrial estate, including a number of third party funding bids; and support to enable OPDC to work with investors and landowners to bring forward innovative early development sites.

Key deliverables

- 8.5 The key deliverables for 2021-22 are as follows:
- **Western Lands strategic opportunity:** Developing a funding and delivery strategy for major development in an area dominated by public sector land ownership. OPDC will seek and coordinate political support and investment in land to allow a comprehensive and strategic approach to regeneration.
 - **Accelerated development:** Targeted interventions to address market failure and/or optimise development where land can be unlocked. OPDC will seek to maximise public benefit through a range of investment, public realm, meanwhile use and programming interventions.
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- **Industrial regeneration:** Supporting the intensification of industrial land use, through infrastructure improvements, and economic development and innovation including support for emerging sectors. OPDC will work to accelerate the decarbonisation of industrial land uses through increased efficiency, renewable energy, supporting the adoption of electric vehicles etc. and support access to skills, training and employment; with a targeted emphasis on OPDC's most disadvantaged communities.
- **In the Making:** Empowering local communities through genuine participation and agency in delivery projects. OPDC will increase community ownership of assets and programmes, support sustainable funding and pilot new approaches to design and delivery on the ground for the benefit of OPDC's longer term development.
- **Engaging communities and stakeholders:** Developing and implementing an overarching communications and engagement strategy to support OPDC's Western Lands approach and Local Plan examination, ensuring that stakeholders and community members are consulted, listened to and enabled to help shape our development plans in a collaborative, inclusive and meaningful way.
- **Local Plan:** During 2020-21 OPDC, will be responding to the inspector's interim findings on the draft Local Plan. There will be a further public consultation and possibly additional examination hearings. The inspector will then write his final report, prior to OPDC being able to adopt the Local Plan. Work will also commence on the impacts of COVID-19 on town planning and this will inform future planning policies and guidance that OPDC produces.
- **Infrastructure, housing and vision:** OPDC will progress Planning Obligations and Community Infrastructure Levy (CIL) strategies to devise the optimal way to secure contributions towards infrastructure requirements. OPDC will continue to work with developers to ensure construction is continuing where safe. OPDC has a clear vision and a high-level work programme for the medium-term underpinned by the agreement of a new Corporate Plan reflecting the revised approach to regeneration.

Responding to the London Recovery Board's missions

- 8.6 OPDC is working to understand and determine how the impacts and insights arising from COVID-19 will shape the Corporation's approach over the short and longer term. Four missions have coalesced from this work, which have been heavily influenced by and seek to ensure OPDC's contribution to the London Recovery Board's grand challenge, key outcomes and nine missions.
- 8.7 **Equitable Regeneration:** Contributing to the Recovery Board's outcomes of narrowing social, economic and health inequalities and of supporting communities, OPDC will proactively ensure projects benefit and support local communities, especially those most impacted by COVID-19, including by:
- continuing to support emerging mutual aid groups and local organisations via small grants;
 - continuing to place an emphasis on co-design and participatory projects within OPDC's early delivery projects; and
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- investigating new approaches to social impact measurement of OPDC's initiatives.

8.8 **Radically Local:** Contributing to the high streets for all London Recovery missions, OPDC will take a Radically Local approach to spatial development, drawing from the best of the 15-minute cities concept, including by:

- supporting new neighbourhood centres at Park Royal Centre, Atlas Junction and Scrubs Lane (in delivery and to be stepped up in 2021 and 2022, subject to external funding);
- strengthening links between Park Royal businesses and local communities; and
- adopting design principles and undertaking public realm improvements to encourage local walking, cycling and safe outdoor activities, with delivery from 2021.

8.9 **An inclusive, sustainable and resilient economic recovery:** Contributing to the Recovery Board's key outcome of reversing rising unemployment and lost economic growth and the helping Londoners into good work mission, OPDC will help build an inclusive, sustainable and resilient economy, including by:

- delivering the Park Royal Employment and Skills Hub, running over the next year;
- upgrading digital connectivity across Park Royal and seeking to put Park Royal at the heart of the '4th Industrial Revolution, for which scoping is underway'; and
- creating a platform to attract the next generation of industrial and commercial sectors to the OPDC area over the next three to five years.

8.10 **Clean and Green:** Contributing to the Recovery Board's cleaner, green outcome and its green new deal mission, OPDC will put Old Oak and Park Royal at the forefront of delivering the UK and London's zero carbon, zero emission targets, including by:

- delivering a Solar Pilot Project in Park Royal, targeting delivery within two years;
- delivering water quality improvement in the Grand Union Canal; and
- developing a long-term local area energy plan to decarbonise Park Royal and Old Oak.

Gross revenue and capital expenditure

8.11 The Mayor's proposed gross revenue expenditure for the OPDC in 2021-22 is £6.7 million. This is £0.5 million higher than the forecast outturn for 2020-21 and £0.4 million lower than the revised budget.

Net revenue budget and council tax requirement

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

Objective analysis	Revised Budget	Forecast	Budget	Plan
OPDC	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
CEO Office	1.1	1.0	0.9	0.9
Planning	1.4	1.3	1.5	1.5
Delivery	2.2	1.8	2.1	2.1
Corporate Operations	2.4	2.1	2.2	2.3
Total expenditure	7.1	6.2	6.7	6.8
Total income	-0.3	-0.3	-0.3	-0.3
Transfer to/ (from) MDC reserve	1.0	1.9	0.0	0.0
Net expenditure	7.8	7.8	6.4	6.5
Retained Business rates	7.8	7.8	6.4	6.5
Council tax requirement	0.0	0.0	0.0	0.0

Explanation of budget changes

- 8.13 An analysis of the year-on-year movement in the council tax requirement, comparing the revised 2020-21 budget to the proposed 2021-22 budget, is set out below.

Changes in the council tax requirement	£m
2020-21 council tax requirement	0.0
<i>Changes due to:</i>	
Inflation	0.0
Savings and efficiencies	-1.4
Net change in GLA funding	1.4
2021-22 council tax requirement	0.0

Inflation

- 8.14 The Budget does not include a provision for inflation.

Savings and efficiencies

- 8.15 The Budget incorporates planned savings and efficiencies of £0.4 million. These are mainly through a reduction in legal costs, other corporate savings, and adjustments in project and programme spend.

Net change in GLA funding

- 8.16 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 decrease by £1.4 million in 2021-22, compared to the revised 2020-21 Budget.

Equalities

- 8.17 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, and a new Corporate Plan will be developed for 2021-22. The OPDC's approach to inclusion is set out in the Mayor's Inclusive London strategy.
- 8.18 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. 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

- 8.19 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.
- 8.20 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.
- 8.21 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.

Reserves

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

- 9.1 The Mayor is required to prepare a Capital Spending Plan (CSP) and a long-term capital strategy every year for each of the GLA's functional bodies. Before issuing his final plan, he is required to consult with the Assembly and each functional body under section 123 of the GLA Act 1999. The Mayor is also required to set the borrowing limits for the GLA Group – the proposals for which are set out in Appendices A to E for the GLA and each relevant functional body. In view of OPDC's revised plans for the development of its area, at this stage, no Capital Strategy or Capital Spending Plan can be approved for that body. The London Assembly does not undertake capital expenditure.
- 9.2 The intention of the Capital Strategy is to drive the Mayor's capital investment ambition, whilst ensuring the sustainable long-term delivery of services. The benefits of preparing a Capital Strategy are that it provides a clear framework for investment decisions, aligns capital plans to the Mayor's priorities and promotes transparency and accountability. It sets out a detailed Capital Spending Plan every year for the five years from 2020-21 and then an indicative high-level capital plan for a further fifteen years.
- 9.3 The GLA and its functional bodies have different approaches to the preparation of their own Capital Strategy which reflect their separate governance processes. However, the Mayor's Capital Strategy reflects the Group Investment Syndicate's decisions, where the GLA and all functional bodies, excluding TfL, align their treasury strategies. The Mayor's Capital Strategy is set at outturn, rather than current, prices.
- 9.4 The table below summarises the Mayor's Final Draft Capital Spending Plan (CSP) to 2024-25. Overall the GLA Group will be investing more in 2021-22 than in 2020-21. The majority of this change reflects the GLA's additional contribution to Crossrail, agreed in November 2020.

Summary of the draft capital spending plan 2020-21 to 2024-25	2020-21 Forecast £m	2021-22 Plan £m	2022-23 Plan £m	2023-24 Plan £m	2024-25 Plan £m	5 year total £m
GLA	1,679.7	2,080.7	1,344.7	928.2	1,080.7	7,114.0
MOPAC	333.9	385.1	340.3	304.3	239.4	1,603.0
LFC	32.8	57.6	25.8	15.7	20.4	152.3
TfL	2,080.1	2,821.5	2,519.1	3,478.4	3,837.1	14,736.2
LLDC	171.5	227.4	214.8	137.8	35.8	787.3
Total capital expenditure	4,298.0	5,572.3	4,444.7	4,864.4	5,213.4	24,392.8

- 9.5 Set out overleaf is a summary of the Mayor's Draft Capital Spending Plan for 2021-22 which shows the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act.

Draft GLA Group statutory capital spending plan 2021-22 under Section 122 of the GLA Act

Section		GLA	MOPAC	LFC	TfL	LLDC
		£m	£m	£m	£m	£m
	Total external capital grants	0.0	56.3	0.0	1,820.2	92.6
	Opening balance of capital receipts	0.0	0.0	0.0	0.0	0.0
	Total capital receipts during the year	0.0	81.2	50.8	290.9	93.1
A	Total capital grants/ receipts	0.0	137.5	50.8	2,111.1	185.7
	Minimum s.120(1) grant	0.0	0.0	0.0	0.0	0.0
	Total borrowings during the year	815.6	244.2	6.8	0.0	41.7
	Total credit arrangements during the year	0.0	0.0	0.0	0.0	0.0
B	Total borrowings and credit arrangements	833.4	244.2	6.8	0.0	41.7
	Total capital expenditure anticipated during the year	2,080.7	385.1	57.6	2,821.5	227.4
	Total amounts which may be treated as borrowing in the year because of section 8(2) of the Local Government Act 2003	0.0	0.0	0.0	0.0	0.0
C	Total capital spending for the year	2,080.7	385.1	57.6	2,821.5	227.4
	Funding: capital grants and contributions	1,137.1	56.3	0.0	1,820.2	137.5
	Funding: capital receipts/reserves	2.0	81.2	50.8	201.3	48.2
	Funding: borrowings and credit arrangements	833.4	244.2	6.8	0.0	41.7
	Funding: revenue contributions	108.2	3.4	0.0	800.0	0.0
D	Total funding	2,080.7	385.1	57.6	2,821.5	227.4

9.6 Set out below is a summary table of the GLA and each functional body's high-level capital spending need for the subsequent fifteen years. These estimates are based on many detailed assumptions, set out in the individual Capital Strategies for the GLA and functional bodies. However, it shows that on average over the fifteen-year period, the Mayor has a capital spending need on average of some £8.7 billion every year from 2025-26 onwards. Just under 95 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
	2025-26 to	2030-31 to	2035-36 to	2025-26 to
	2029-30	2034-35	2039-40	2039-40
	£m	£m	£m	£m
GLA: Mayor				
Housing	17,887.3	13,500.0	13,500.0	44,887.3
Regeneration	356.4	261.3	147.1	764.8
Environment	197.8	185.8	185.0	568.6
Other	157.6	164.9	177.8	500.3
Subtotal GLA	18,599.1	14,112.0	14,009.9	46,721.0
MOPAC				
Transformation	616.8	602.4	641.3	1,860.5
Maintenance	227.7	170.0	170.0	567.7
Subtotal MOPAC	844.5	772.4	811.3	2,428.2
LFC				
Estate, ICT and fleet maintenance	264.4	193.4	144.9	602.7
Subtotal LFC	264.4	193.4	144.9	602.7
TfL				
Crossrail 2	0.0	0.0	12,968.6	12,968.6
Line extensions	1,098.8	983.5	3,592.3	5,674.6
Line upgrades	6,848.5	7,691.3	4,887.8	19,427.6
Enhancements	7,820.3	8,775.8	6,081.6	22,677.7
Renewals	5,848.5	6,476.5	7,740.6	20,065.6
Subtotal TfL	21,616.1	23,927.1	35,270.9	80,814.1
LLDC				
Construction, infrastructure and lifecycle	101.1	34.1	-1.2	134.0
Subtotal LLDC	101.1	34.1	-1.2	134.0
TOTAL GLA GROUP	41,425.2	39,039.0	50,235.8	130,700.0

9.7 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
	2025-26 to	2030-31 to	2035-36 to	2025-26 to
	2029-30	2034-35	2039-40	2039-40
	£m	£m	£m	£m
GLA: Mayor				
Spending need	18,599.1	14,112.0	14,009.9	46,721.0
Likely funding	6,127.7	3,775.3	3,502.1	13,405.1
Subtotal GLA shortfall	12,471.4	10,336.7	10,507.8	33,315.9
MOPAC				
Spending need	844.5	772.4	811.3	2,428.2
Likely funding	409.0	319.3	438.6	1,166.9
Subtotal MOPAC shortfall	435.5	453.1	372.7	1,261.3
LFC				
Spending need	264.4	193.4	144.9	602.7
Likely funding	48.0	37.0	37.0	122.0
Subtotal LFC shortfall	216.4	156.4	107.9	480.7
TfL				
Spending need	21,616.1	23,927.1	35,270.9	80,814.1
Likely funding	16,723.6	13,859.4	23,044.1	53,627.1
Subtotal TfL shortfall	4,892.5	10,067.7	12,226.8	27,187.0
LLDC				
Spending need	101.1	34.1	-1.2	134.0
Likely funding	101.1	34.1	-1.2	134.0
Subtotal LLDC shortfall	0.0	0.0	0.0	0.0
Total GLA Group shortfall	18,015.8	21,013.9	23,215.2	62,244.9

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

Greater London Authority

9.9 The GLA's detailed five-year CSP of £7.114 billion over 2020-25 can be summarised, as follows:

- housing expenditure of £4.432 billion which is principally to allow 116,000 affordable homes starts within London by 2023 and an additional 35,000 affordable homes starts by 2026
- the balance of the GLA's additional contribution to Crossrail of £0.866 billion over the 2020-2023 period, of which £0.825 billion relates to the additional agreement announced on 30 November;

- regeneration expenditure of £0.923 billion which includes the Building Safety Fund, Further Education programme, Skills for Londoners, the Growing Places Fund and the Good Growth Fund, and Environment programmes, such as Warmer Homes and drinking fountains; and
- other capital expenditure of around £0.893 billion principally for the Northern Line Extension and the LLDC for East Bank.

- 9.10 The detailed GLA CSP for the period 2020-25 reflects the current levels of availability of Government capital funding, which acts a constraint on the Mayor's ambitions for London. The Mayor will continue to press for additional capital funding from the Government, in particular given the climate and ecological emergency.
- 9.11 The GLA's shortfall between spending need and likely level of resource is on average over £2 billion per annum from 2025-26 onwards. This principally results from the level of affordable housing to achieve the aim set out in the London Plan of half of all new homes built to be genuinely affordable, after allowing for only the existing level of Government grant being maintained rather than increased to the levels needed. In addition, the gap arises from the bold ambitions for London set out in the Mayor's London Environment Strategy and the assumption that there will be a continued need to invest in regeneration and skills at least at current levels, but presently there are no confirmed resources for such programmes.
- 9.12 The GLA's draft CSP, and authorised and operating borrowing limits, are set out at Appendix A.

MOPAC

- 9.13 MOPAC's detailed five-year CSP of £1.603 billion over 2020-25, can be summarised, as follows:
- £739 million on core capital essential asset maintenance activities including: £119.9 million on property lifecycle works; £125.4 million on fleet; £312.7 million on the core costs of IT equipment including for frontline officers, and £177.6 million in National Counter Terrorism Policing Headquarters (NCTPHQ) (fully funded from grant) investments; and
 - £864 million on development and modernisation to ensure the MPS is modern and fit-for-purpose for the 21st century. Activities include £387.6 million on developing the estate; £192.4 million on Counter Terrorism Operations Centre; £83.7 million on transforming investigations and prosecution and £115.1 million on optimising contact and response (including Command and Control).
- 9.14 MOPAC's has a shortfall between anticipated expenditure and likely level of resource of £1.3 billion over the fifteen-year period from 2025-26 onwards. This shows the scale of capital investment far outweighs the likely level of capital resources that, under existing Government policy, the Mayor is likely to receive.
- 9.15 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. 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 £152 million over 2020-25 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 £30 million per annum from 2025-26 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.

Transport for London

9.20 TfL's five-year CSP of £14.736 billion over 2020-25 can be summarised, as follows:

- renewals of £4.293 billion;
- line upgrades of £3.402 billion;
- streets, buses and other surface expenditure of £2.131 billion;
- other corporate expenditure, including on rail, of £1.777 billion;
- Crossrail, including Elizabeth line trains and enabling works of £1.628 billion;
- expenditure on London underground of £1.212 billion; and
- line extensions of £0.412 billion.

9.21 The first five years of the capital plan are fully balanced on the assumption of further grant funding, but this remains subject to future agreements with the GLA and the Government. Both costs and funding within this period will be subject to these agreements. The total estimated capital expenditure required for the 15 years from 2025-26 is £80.8 billion, of which Crossrail 2 costs are £13.0 billion. This represents an average spending need of £4.5 billion every year from 2025-26 onwards for TfL and £0.9 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, although these are subject to review.

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- 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 £5.4 billion a year on average that will be needed from 2025-26 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 in 2021.
- 9.23 TfL's draft CSP, and authorised and operating borrowing limits, are set out at Appendix D.
- 9.24 It is also necessary to amend TfL's in year approved borrowing limits for 2020-21 to reflect the accounting implications of International Financial Reporting Standard 16 (IFRS 16) relating to leases. The proposed amendment only affects the long-term liabilities element of the limit and not the actual borrowing element. This is a technical change, but before the limits can be amended by the Mayor, he must first consult with the London Assembly on this change as required under section 3 of the Local Government Act 2003. This requirement was met through the wider consultation on the Final Draft Capital Spending Plan. The current approved and proposed revised limits for 2020-21 are set out and compared in tables 6 and 7 in Appendix D.

LLDC

- 9.25 LLDC's detailed five-year CSP of £787 million over 2020-25 can be summarised as follows:
- construction and completion of the East Bank educational and cultural district in the Queen Elizabeth Olympic Park, including required equity to invest in the Stratford Waterfront residential development joint venture of £512 million;
 - repayable loans to BBC/UAL towards the cost of their east bank buildings of £76 million;
 - section 106 infrastructure works and planning and design costs to deliver housing developments of £100 million; and
 - stadium, park and venue life-cycle and improvement projects, including to the stadium's current seating system, of £48 million.
- 9.26 LLDC has no shortfall between its spending need and likely level of resource over the fifteen-year period from 2025-26. This is because, after allowing for the GLA direct capital grants to LLDC, it is anticipated that capital receipts will be received to repay the GLA's investment in the park, a surplus currently estimated in excess of £100 million.
- 9.27 LLDC's draft CSP, and authorised and operating borrowing limits, are set out at Appendix E. The current approved maximum borrowing limit of £520 million has been increased in 2023-24 to £550 million. This is due to further movements in the expected quantum and timing of capital receipts and expenditure (including from the impact of COVID-19 and other market changes). The 2021-22 borrowing requirement is well within the current £520 million limit and this will be reviewed again during the 2022-23 budget process.
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Greater London Authority: Mayor and London Assembly

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 1: GLA: Mayor - GLA Group items

GLA Group Items	Revised	Forecast	Budget	Plan
	Budget			
	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Group collaborative and responsible procurement	0.9	0.9	0.9	0.9
Borough income maximisation projects	6.0	6.0	5.0	5.0
<i>Development Corporations</i>				
LLDC expenditure funded from Group items	4.9	4.9	1.0	0.0
Billing Authority repayments including deficits	0.0	0.0	63.6	321.9
Tariff and levy payments to central government	905.6	839.5	841.2	861.4
Total GLA Group item expenditure	917.4	851.3	917.4	1,189.2
Transfer to/from (-) MDC reserve	-4.9	-4.9	4.0	9.1
Transfer to/from (-) BARR reserve	0.0	0.0	272.3	-272.3
Transfer to/from (-) BRR reserve	53.0	53.0	-62.2	-49.6
Financing requirement	965.5	899.4	1,131.5	876.4
Retained business rates	965.5	899.4	859.9	876.4
Billing Authority temporary income surpluses	0.0	0.0	272.3	0.0
Government grants for income losses	0.0	0.0	2.6	0.0
Council tax requirement	0.0	0.0	0.0	0.0

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

Table 2: GLA: Mayor - Draft capital spending plan

Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
Affordable Homes Programme (2016-23)	386.6	300.0	674.0	633.0	757.7
Affordable Homes Programme (2021-26)	0.0	10.0	10.0	10.0	200.0
Cladding – Social sector	87.4	26.7	0.0	0.0	0.0
Cladding – Private sector	55.0	50.0	45.0	0.0	0.0
Housing Zone loans	63.8	0.0	0.0	0.0	0.0
Housing Zone grants	110.8	25.5	0.0	40.4	29.8
Care and Support Specialised Housing	31.1	2.4	0.0	0.0	0.0
Community Housing Fund	5.0	12.0	13.0	0.0	0.0
Move-On	18.7	11.2	2.1	0.0	0.0
Land and Property programme (GLAP)	22.2	2.0	9.0	15.0	0.0
Land & Property Programme (Beam Park Station)	6.8	0.0	0.0	0.0	0.0
Marginal Viability Fund	35.0	38.9	8.4	0.0	0.0
GLAP Land Fund	158.4	0.0	62.5	0.0	0.0
MHLG Land Fund	230.8	0.0	97.1	39.1	1.5
Enterprise Zone – Royal Docks	3.3	17.9	22.1	25.1	20.8
Further Education Capital	17.0	18.0	11.8	5.3	1.0
Skills for Londoners	13.6	15.1	24.9	11.1	20.0
Good Growth Fund	12.2	10.8	10.6	9.4	0.0
Building Safety Fund	18.0	532.0	100.0	50.0	0.0
Getting Building Fund	11.1	11.1	0.0	0.0	0.0
Elephant & Castle	12.5	12.5	0.0	0.0	0.0
Northern Line Extension	136.0	14.0	0.0	0.0	22.4
Crossrail	41.0	760.0	65.0	0.0	0.0
LLDC Loan Funding	17.3	41.5	101.1	12.5	0.3
UCL Cultural and Education District	55.0	30.0	0.0	0.0	0.0
LLDC East Bank and Direct Grant Funding	75.8	91.6	58.2	48.9	0.0
LLDC Joint venture transfer to GLAP	0.0	0.0	5.1	10.6	13.7
Other Projects (< £10m p.a.)	55.3	47.5	24.8	17.8	13.5
Total expenditure	1,679.7	2,080.7	1,344.7	928.2	1,080.7

Draft capital plan (continued)	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
<i>Funding</i>					
Borrowing	194.3	833.4	188.2	37.6	39.0
Capital grants and third-party contributions	1,184.1	1,137.1	1,038.1	808.5	1,014.8
Capital receipts	187.4	2.0	76.6	25.6	13.7
Revenue contributions	113.9	108.2	41.8	56.5	13.2
Total funding	1,679.7	2,080.7	1,344.7	928.2	1,080.7

Table 3: GLA: Mayor - Capital financing costs

Capital financing costs	2021-22	2022-23
	£m	£m
GLA: Mayor		
Provision for repayment of debt	340.5	347
External interest	175.0	170.0
GLA: Mayor Total	515.5	515.5

Tables 4 and 5: GLA: Mayor - Borrowing limits

Authorised limit for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
GLA: Mayor					
Borrowing	6,100.0	6,100.0	7,200.0	7,200.0	7,200.0
GLA: Mayor Total	6,100.0	6,100.0	7,200.0	7,200.0	7,200.0

Operational boundary for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
GLA: Mayor					
Borrowing	5,700.0	5,700.0	6,800.0	6,800.0	6,800.0
GLA: Mayor Total	5,700.0	5,700.0	6,800.0	6,800.0	6,800.0

Mayor's Office for Policing and Crime

Table 1: MOPAC (including MPS) - Subjective analysis

Subjective analysis	Revised	Forecast	Budget	Plan
	Budget	Outturn		
	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Police officer pay	2,040.8	2,053.4	2,108.9	2,282.1
Police staff pay	577.2	571.1	579.8	579.0
PCSO pay	56.0	54.6	56.1	55.8
Total pay	2,674.0	2,679.1	2,744.8	2,916.9
Police officer overtime	125.4	137.0	121.5	125.2
Police staff overtime	21.7	33.1	21.3	21.4
PCSO overtime	0.1	0.2	0.1	0.1
Total overtime	147.2	170.3	142.9	146.7
Employee-related expenditure	21.6	21.4	12.2	10.7
Premises costs	164.7	165.0	157.7	141.7
Transport costs	78.8	74.3	78.2	78.2
Supplies and services	677.5	626.6	663.9	725.3
Total running expenses	942.6	887.3	912.0	955.9
Capital financing costs	98.4	95.1	134.1	166.4
Total expenditure	3,862.2	3,831.8	3,933.8	4,185.9
Other income	-287.5	-267.4	-290.1	-294.0
Total income	-287.5	-267.4	-290.1	-294.0
Discretionary pension costs	34.6	35.0	34.4	34.4
Additional funding required	0.0	0.0	0.0	-249.2
Net expenditure	3,609.3	3,599.4	3,678.1	3,677.1
Transfer to/from (-) reserves	25.3	34.2	-80.2	-62.1
Net financing requirement	3,634.6	3,633.6	3,597.9	3,615.0
Specific grants	690.3	689.3	612.9	579.1
Retained business rates	118.7	118.7	27.9	28.5
Council tax collection fund surplus/ (deficit)	10.0	10.0	-6.3	-7.2
Home Office Police Grant	2,048.5	2,048.5	2,158.5	2,181.3
Council tax requirement	767.1	767.1	804.9	833.3

Table 2: MOPAC - Draft capital plan

Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
PSD - Lifecycle work	12.6	15.5	17.9	31.5	42.3
Fleet	31.2	22.7	23.8	25.1	22.6
Digital Policing	32.7	82.1	102.2	56.5	39.2
NCTPHQ	24.9	46.9	43.9	40.8	21.2
Optimising Contact and Response	55.4	43.8	10.0	6.0	0.0
Transforming Investigation and Prosecution	38.8	30.9	11.7	2.3	0.0
Strengthening Armed Policing	0.4	3.1	21.2	0.0	0.0
Operational Support Services	0.0	6.8	6.8	0.0	0.0
Fortress and EBACS	3.6	0.0	0.0	0.0	0.0
Local Investigation Capability	0.5	0.0	0.0	0.0	0.0
Learning and Professionalism Transformation	1.5	1.2	0.0	0.0	0.0
Information Futures	3.7	5.9	2.7	0.0	0.0
PSD- Property Forward Works	43.2	22.4	22.7	23.1	81.0
PSD- Transforming the MPS Estate	82.1	103.9	77.4	108.0	16.1
Met Operations	3.3	0.0	0.0	0.0	0.0
Transformation - long term estimate	0.0	0.0	0.0	11.0	17.0
Total Expenditure	333.9	385.2	340.3	304.3	239.4
<i>Funding</i>					
Capital Grants and Receipts	70.0	88.0	48.2	47.4	67.7
CTPHQ and Fleet funded	34.7	53.0	49.8	48.3	27.1
Borrowing	229.2	244.2	242.3	208.6	144.6
Total funding	333.9	385.2	340.3	304.3	239.4

PSD – Property Services Directorate

NCTPHQ – National Counter Terrorism Policing Headquarters

Table 3: MOPAC - Capital financing costs

Capital financing costs	2021-22	2022-23
	£m	£m
Provision for repayment of debt	63.4	79.2
External interest	32.1	36.9
MOPAC Total	95.5	116.1

Tables 4 and 5: MOPAC - Borrowing limits

Authorised limit for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
MOPAC					
Borrowing	1,151.1	1,108.3	1,352.5	1,594.8	1,803.4
Long term liabilities	64.9	64.9	58.4	52.2	47.4
MOPAC Total	1,216.0	1,173.1	1,410.8	1,646.9	1,850.8

Operational boundary for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
MOPAC					
Borrowing	1,026.1	983.3	1,227.5	1,469.8	1,678.4
Long term liabilities	64.9	64.9	58.4	52.2	47.4
MOPAC Total	1,091.0	1,048.1	1,285.8	1,521.9	1,725.8

London Fire Commissioner

Table 1: LFC - Subjective analysis

Subjective analysis	Revised	Forecast	Budget	Plan
	Budget	Outturn		
	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Operational staff	278.4	285.2	275.5	270.9
Other staff	60.6	59.7	59.6	60.8
Employee-related	24.4	24.0	27.5	27.9
Pensions	21.3	21.0	21.6	21.8
Premises	40.2	42.4	45.3	46.3
Transport	17.0	17.0	18.1	18.4
Supplies and services	28.0	33.6	31.2	35.1
Third party payments	1.3	1.4	1.5	1.5
Capital financing costs	8.0	8.6	9.0	12.1
Savings to be identified	0.0	0.0	0.0	0.0
Total expenditure	479.2	492.9	489.3	494.8
Total income	-39.6	-46.0	-41.2	-44.2
Net expenditure	439.6	446.9	448.1	450.6
Transfer to/from (-) reserves	-4.9	-10.3	-9.4	-5.9
Financing requirement	434.7	436.6	438.8	444.7
Specific grants	33.2	35.1	40.2	33.3
Council tax collection fund surplus/ (deficit)	0.0	0.0	-1.4	-1.6
Retained business rates	232.9	232.9	228.1	232.7
Council tax requirement	168.6	168.6	171.8	180.3

Table 2: LFC - Draft capital plan

Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
IT projects	2.1	3.8	2.9	1.7	2.5
Major refurbishments	1.7	3.9	3.5	3.4	4.1
New developments	1.6	14.1	9.7	1.3	1.6
Minor works	4.3	5.2	4.0	5.4	4.1
Sustainability works	2.3	4.1	2.9	2.4	4.2
Appliance Bay doors	1.0	1.0	0.4	0.4	0.5
Fire Brigade fleet re-procurement	19.7	17.3	1.3	0.0	3.4
Operational Equipment	0.0	8.2	0.0	0.0	0.0
Other Property Projects	0.1	0.0	1.1	1.1	0.0
Total expenditure	32.8	57.6	25.8	15.7	20.4
<i>Funding</i>					
Capital receipts	1.5	50.8	23.0	0.0	0.0
Capital grants	1.9	0.0	0.0	0.0	0.0
Borrowing	29.4	6.8	2.8	15.7	20.4
Total funding	32.8	57.6	25.8	15.7	20.4

Table 3: LFC - Capital financing costs

Capital financing costs	2021-22	2022-23
	£m	£m
LFC		
Provision for repayment of debt	5.8	5.8
External interest	2.6	2.4
LFC Total	8.4	8.2

Tables 4 and 5: LFC - Borrowing limits

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

Operational boundary for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2022-23
	£m	£m	£m	£m	£m
LFC					
Borrowing	150.0	150.0	170.0	170.0	170.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0
LFC Total	220.0	220.0	240.0	240.0	240.0

Transport for London

Table 1: TfL - Subjective analysis

Subjective analysis	Revised Budget 2020-21 £m	Forecast Outturn 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
<i>Income</i>				
Passenger income	-1,315.3	-1,480.1	-3,275.6	-4,559.1
CC, LEZ & ULEZ income	-354.0	-408.0	-762.9	-1,157.5
Media income	-45.8	-49.1	-111.4	-125.8
Rental income	-49.5	-49.5	-76.6	-94.9
Elizabeth line regulatory income	0.0	0.0	-69.6	-338.4
Other income	-259.1	-261.4	-246.1	-275.6
Total Income	-2,023.7	-2,248.1	-4,542.2	-6,551.3
<i>Operating Expenditure</i>				
Employee expenses	2,236.9	2,218.5	2,168.6	2,029.9
Premises	287.9	288.7	321.9	335.5
Bus contract payments	2,007.4	2,040.3	2,083.5	2,128.8
CCS Income & other road contracted services	428.5	369.7	398.1	403.9
Asset maintenance and LA payments	425.6	412.4	548.8	639.4
Professional and consultancy	134.6	118.5	109.3	107.0
Franchise payments	326.7	423.1	474.9	492.6
Elizabeth line regulatory	0.0	0.0	69.6	338.4
ICT	225.4	223.4	234.1	241.8
Traction current	131.3	132.0	162.8	164.1
Other operating expenses	656.2	649.4	649.3	712.8
Capital resources and other recharges	-262.8	-325.1	-360.6	-382.9
Bad debt provision	94.0	102.7	159.3	290.3
Total operating expenditure	6,691.7	6,653.6	7,019.6	7,501.6
Net operating expenditure	4,668.0	4,405.5	2,477.3	950.3
Group items	456.2	457.6	510.5	505.5
Revenue resources used to support capital investment*	-399.4	-643.9	959.0	776.7
Transfer to/(from) reserves	-911.2	-648.5	-83.9	329.5
Financing requirement	3,813.6	3,570.7	3,862.9	2,562.0
Specific grants	48.7	81.8	14.4	13.8
Retained business rates	893.9	893.9	862.1	875.7
Council tax collection fund deficit	0.0	0.0	-0.0	-0.1
Extraordinary Grant	2,865.0	2,589.0	2,934.8	1,620.3
Council tax requirement	6.0	6.0	51.6	52.3

*Funded by reserves and extraordinary grant
CCS - Congestion charging scheme.

Table 2 TfL - Draft capital plan

Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
Crossrail contributions	800.5	651.4	114.0	13.0	0.0
Elizabeth line trains and enabling works	38.1	10.7	0.0	0.0	0.0
Line extensions	150.9	102.1	6.0	72.1	80.4
Line upgrades	266.1	478.0	610.3	932.8	1,114.7
London Underground enhancements	113.1	151.4	151.9	385.5	409.8
Buses enhancements	9.3	22.7	32.0	122.4	157.6
Streets enhancements	132.6	195.2	176.5	234.4	234.2
Rail enhancements	24.9	23.8	52.4	53.5	54.5
Other surface operations enhancements	49.2	70.5	44.4	244.6	288.0
Corporate projects enhancements	129.1	311.1	459.3	302.0	365.9
Renewals	366.3	804.6	872.3	1,118.1	1,132.0
Total expenditure	2,080.1	2,821.5	2,519.1	3,478.4	3,837.1
<i>Funding</i>					
Capital receipts	110.4	290.9	320.1	199.0	248.0
Retained business rates	910.0	930.2	950.8	1,071.8	1,093.3
Grants to support capital expenditure	128.2	125.0	134.0	1,289.5	1,563.8
Borrowing	1,352.0	0.0	0.0	0.0	0.0
Crossrail funding sources – non-OSD	70.4	765.0	69.0	0.0	0.0
Revenue contributions	-1,217.3	800.0	1,106.2	918.1	932.0
Working capital and reserves movements	726.4	-89.6	-61.0	0.0	0.0
Total funding	2,080.1	2,821.5	2,519.1	3,478.4	3,837.1

OSD - Over Station Development

Table 3: TfL - Capital financing costs

Capital financing costs	2021-22	2022-23
	£m	£m
TfL		
Provision for repayment of debt	56.1	56.1
External interest	541.7	537.6
TfL Total	597.8	593.7

Tables 4 and 5: TfL - Borrowing limits

Authorised limit for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
TfL					
Borrowing	14,029.3	14,029.3	13,994.8	13,994.8	13,994.8
Long term liabilities	209.0	862.5	820.8	778.9	733.5
TfL Total	14,238.3	14,891.8	14,815.6	14,773.7	14,728.3

Operational boundary for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
TfL					
Borrowing	13,164.3	13,164.3	13,127.5	13,092.5	13,022.5
Long term liabilities	209.0	612.5	570.8	528.9	483.5
TfL Total	13,373.3	13,776.8	13,698.3	13,621.4	13,506.0

Tables 6 and 7: Revisions to TfL's in year Borrowing limits for 2020-21

Authorised limit for external debt	Current Approval	Revised Approval	Change
	2020-21	2020-21	
	£m	£m	£m
TfL			
Borrowing	14,029.3	14,029.3	0.0
Long term liabilities	209.0	862.5	653.5
TfL Total	14,238.3	14,891.8	653.5

Operational boundary for external debt	Current Approval	Revised Approval	Change
	2020-21	2020-21	
	£m	£m	£m
TfL			
Borrowing	13,164.3	13,164.3	0.0
Long term liabilities	209.0	612.5	403.5
TfL Total	13,373.3	13,776.8	403.5

London Legacy Development Corporation

Table 1: LLDC - Subjective analysis

Subjective analysis	Revised Budget 2020-21 £m	Forecast Outturn 2020-21 £m	Budget 2021-22 £m	Plan 2022-23 £m
Employee expenses	9.2	8.5	9.0	9.1
Premises costs	1.2	1.2	1.2	1.6
Supplies and services	44.1	36.2	37.3	35.7
Income/savings to be identified	0.0	0.0	0.0	-3.3
Financing costs	11.8	10.9	11.8	14.0
Total expenditure	66.3	56.8	59.3	57.1
Total income	-15.3	-13.2	-15.1	-15.9
Transfer to/ (from) MDC reserve	-6.6	3.0	-5.1	-0.5
Net expenditure	44.4	46.6	39.1	40.7
Retained business rates*	32.6	35.7	27.3	26.7
GLA funding for financing costs	11.8	10.9	11.8	14.0
Council tax requirement	0.0	0.0	0.0	0.0

*Includes GLA COVID-19 Support

Table 2: LLDC - Draft capital spending plan

Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
East Bank	89.0	178.4	167.5	62.3	14.3
Development	24.5	8.8	20.5	28.7	17.1
Stadium	15.9	3.5	2.9	2.9	3.0
Park and Venues	9.4	3.0	3.9	2.3	1.4
Regeneration	0.6	0.2	0.3	0.2	0.2
Finance, Commercial and Corporate Services	3.1	2.0	1.7	1.7	1.5
Corporation Tax and Contingency	11.2	8.5	0.9	0.7	1.7
BBC/UAL loan*	0.0	22.9	17.1	39.0	-3.4
Other	17.6	0.0	0.0	0.0	0.0
Total expenditure	171.3	227.3	214.8	137.8	35.8
<i>Funding</i>					
Capital receipts	10.9	48.2	11.6	10.5	13.9
Capital grants and third-party contributions	67.3	45.9	38.8	55.3	7.9
Borrowing	17.3	41.6	106.2	23.1	14.0
GLA grant	75.8	91.6	58.2	48.9	0.0
Total funding	171.3	227.3	214.8	137.8	35.8

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

Table 3: LLDC - Capital financing costs

Capital financing costs	2021-22	2022-23
	£m	£m
LLDC		
Provision for repayment of debt	11.8	14.0
LLDC Total	11.8	14.0

Tables 4 and 5: LLDC - Borrowing limits

Authorised limit for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
LLDC					
Borrowing	520.0	520.0	520.0	520.0	550.0
LLDC Total	520.0	520.0	520.0	520.0	550.0

Operational boundary for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed
	2020-21	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
LLDC					
Borrowing	520.0	520.0	520.0	520.0	550.0
LLDC Total	520.0	520.0	520.0	520.0	550.0

Old Oak and Park Royal Development Corporation

Table 1: OPDC - Subjective analysis

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan
	2020-21	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Employee expenses	4.1	3.6	4.0	4.0
Supplies and services	3.0	2.6	2.7	2.8
Total expenditure	7.1	6.2	6.7	6.8
Total income	-0.3	-0.3	-0.3	-0.3
Transfer to/ (from) MDC Reserve	1.0	1.9	0.0	0.0
Net expenditure	7.8	7.8	6.4	6.5
Retained Business rates	7.8	7.8	6.4	6.5
Mayoral Development Corporation Reserve	0.0	0.0	0.0	0.0
Council tax requirement	0.0	0.0	0.0	0.0

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

A collaboration programme is in place, overseen by the GLA Group Collaboration Board, in order to identify and deliver further efficiencies across the GLA Group in back office and policy and delivery areas. The Board has senior executive representatives from across the GLA Group and from the London Ambulance Service. At present the Board oversees, and gives strategic direction, to a range of collaboration projects and the following strategic collaboration committees: Information Technology; Estate and Facilities Management; Procurement; Human Resources; and Finance and other Professional Services.

Key current collaboration projects include:

- the **Group-wide longer-term accommodation strategy** which will co-ordinate the most efficient use of the office estate (further details below);
- the **pan-GLA talent management and redeployment initiative** which will explore how we can best attract, manage and retain talent across the GLA Group. This has the potential to bring efficiencies and cost savings directly through reduced redundancy costs and indirectly through increased retention and reduced recruitment costs;
- The **commercial energy project** which can help the GLA Group to save costs, manage risks and generate a revenue stream by optimising its energy demand through integrating it with its investment strategy and deploying electric vehicle (EV) infrastructure on its estate. Analysis indicates that if successful this could deliver benefits to the Group of the order of the low tens of millions of pounds per year over the coming decade in addition to helping to drive decarbonisation.
- a review of the **GLA and TfL Spatial Planning functions** to understand the synergies across both teams;
- developing a common set of principles and policies to underpin the Group approach to **grants management** which is expected to provide efficiencies in stakeholder management and administration processes, and;
- 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.

Summary of other key shared service arrangements

The GLA and functional bodies have existing shared services arrangements, and all deliver cashable savings and/or efficiency gains. The key arrangements are set out below:

- 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;
- 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.

The GLA Group accommodation strategy

The GLA Group accommodation strategy is a strategic approach to non-operational space, that sets a direction of travel for greater estates collaboration among the GLA Group and Family Members. The principles include but are not limited to:

- delivering a shared hubs model;
- a long-term preference for holding freehold over leasehold assets; and
- optimising underutilised space within the GLA Group and Family Members.

Most member bodies are already on a journey to achieve savings in their estate's portfolios. The accommodation strategy presents a GLA Group approach which is designed to help deliver additional benefits at the group level while enabling member body plans. The programme focuses on the Net GLA Family Benefit across all member bodies on an incremental basis, rather than an individual Member or Property perspective. Savings identified for 2021-22 are £4.6 million, for 2022-23 are £17.1 million, and for the period up to 2030 savings exceed £100 million. These figures do not include any transfers from reserves and only reflect net savings to the GLA Group.

In addition to the above, the Metropolitan Police Service will deliver £49 million per annum of annual estate savings by 2024-25 through rationalising its estate based on changing the way police officers and staff use the estate; this will be supported by the refurbishment of a number of retained buildings to create modern working environments and the continued implementation of mobile and collaborative technology.

The GLA Group collaborative procurement function

The GLA Group Collaborative Procurement Team (CPT) manages the common and low complexity procurement expenditure of indirect categories (i.e. goods and services purchased for internal use) for the GLA and its functional bodies. Between 2015-16 and 2018-19 spend in categories in scope (for GLA, LFB, LLDC, OPDC and TfL) was reduced by £200m (36 per cent), with the greatest reduction (19 per cent) between 2017-18 and 2018-19. In 2019-20 total spend across GLA Group for in scope categories was circa £443 million. In December 2019 a detailed business case was approved by the GLA Group Collaboration Board, which outlined a three-phased approach to deliver greater value from collaborative procurement, this included working towards a further 20 per cent cost reduction. Phase one includes improving the service, ways of working and Functional Body engagement. Activity to support the delivery of phase one has been ongoing throughout 2020. Phase two will include expanding the scope of categories managed by the CPT.

The GLA Group Treasury and the Group Investment Syndicate (GIS)

The GLA has established a shared treasury management function across the whole of the GLA Group (excluding TfL but including the London Pensions Fund Authority). GLA Group Treasury manages the participating bodies' c.£5 billion of investments and c£5.5 billion of borrowings. The GIS is a collective investment arrangement to pool the participants' cash balances. The shared function 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 shared service together with the GIS and a new fund for core reserves, the London Strategic Reserve (LSR), is being developed to enable other parts of London government to enjoy these benefits.

Business rates and council tax maximisation programmes

The GLA seeks to maximise income from council tax, business rates revenues – including the Crossrail business rate supplement – in partnership with the 33 local billing authorities which collectively are expected to generate around £3.3 billion of revenues for GLA services, capital spending or to finance borrowing across the GLA Group in 2021-22. This has become even more critical in light of the economic impact of COVID-19 on these key revenue streams. The Mayor approved £16 million for this work in March 2020 through Mayoral Decision 2618 across the 2020-21, 2021-22 and 2022-23 financial years, including £5 million in 2021-22, and all 33 London billing authorities have been awarded funding for revenue maximisation projects.

This initiative demonstrates the GLA's commitment to working with boroughs and the Corporation of London for London's benefit, as nearly £14 billion is expected to be collected in 2021-22, in council tax, non-domestic rates and the Crossrail business rates supplement across the capital assuming the retail, leisure, hospitality and childcare rate relief business rates schemes in place for 2020-21 which reduced revenues by just over £3 billion do not continue.

Savings and efficiencies across the GLA Group

The total savings and efficiencies which have been presented in the 2021-22 budget process across the Group are summarised, on a year-by-year basis, below for the years 2020-21 to 2022-23.

Savings and efficiencies identified	2020-21	Forecast	Forecast
	£m	2021-22 £m	2022-23 £m
GLA: Mayor	13.5	11.6	11.6
GLA: London Assembly	0.8	0.3	0.3
MOPAC	23.3	69.3	30.7
LFC	1.0	4.2	8.2
TfL	323.6	100.5	143.3
LLDC	9.5	0.0	0.0
OPDC	1.0	0.4	0.5
Total	372.7	186.3	194.6

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 2021-22.

	Gross expenditure	Fares income	Other General income	Net Expenditure before use of reserves	Use of reserves	Net Expenditure after use of reserves
	£m	£m	£m	£m	£m	£m
MOPAC	3,968.2	0.0	-290.1	3,678.1	-80.2	3,597.9
GLA Mayor	1,742.9	0.0	-231.1	1,511.8	97.4	1,609.2
GLA Assembly	8.0	0.0	0.0	8.0	0.0	8.0
LFC	489.3	0.0	-41.2	448.1	-9.4	438.7
TfL	7,530.0	-3,275.6	-1,266.6	2,987.8	875.1	3,862.9
LLDC	59.3	0.0	-32.0	27.3	0.0	27.3
OPDC	6.7	0.0	-0.3	6.4	0.0	6.4
Total other services	9,836.2	-3,275.6	-1,571.2	4,989.4	963.1	5,952.5
Total GLA Group	13,804.4	-3,275.6	-1,861.3	8,667.5	882.9	9,550.4

Note: GLA: Mayor figures also includes budgeted expenditure on group items as set out in Table 1 in Appendix A.

Council tax requirement and Band D council tax

	Net Expenditure after use of reserves	Specific Government grants	General Government grants	Council tax deficit	Phasing of business rates and council tax income losses and Govt support*	Business rates	Council tax requirement	Band D amount
	£m	£m	£m	£m	£m	£m	£m	£
MOPAC	3,597.9	612.9	2,158.5	-6.3	0.0	27.9	804.9	267.13
GLA Mayor	1,609.2	345.2	0.0	-0.5	290.6	908.3	65.6	21.70
GLA Assembly	8.0	0.0	0.0	0.0	0.5	4.9	2.6	0.87
LFC	438.7	33.3	0.0	-1.4	6.9	228.1	171.8	56.87
TfL	3,862.9	12.6	2,934.8	0.0	1.8	862.1	51.6	17.09
LLDC	27.3	0.0	0.0	0.0	0.0	27.3	0.0	0.00
OPDC	6.4	0.0	0.0	0.0	0.0	6.4	0.0	0.00
Total other services	5,952.5	391.1	2,934.8	-1.9	299.8	2,037.1	291.6	96.53
Total GLA Group	9,550.4	1,004.0	5,093.3	-8.2	299.8	2,065.0	1,096.6	363.66

*Includes £272.3 million of forecast excess business rates billing authority income repayable in future years.

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 the TfL extraordinary grant) and specific grants (including, for example, Home Office police funding for counter-terrorism and fire revenue grants);
- retained business rates, including any related section 31 grants to fund rates reliefs; 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 (financing requirement)	Revised	Budget	Plan
	Budget		
	2020-21	2021-22	2022-23
	£m	£m	£m
GLA Mayor	1,543.2	1,609.2	1,340.4
GLA Assembly	7.7	8.0	7.6
MOPAC	3,633.6	3,597.9	3,615.0
LFC	436.6	438.7	444.7
TfL	3,570.7	3,862.9	2,562.0
LLDC	46.6	27.3	26.7
OPDC	7.8	6.4	6.5
Net revenue expenditure	9,246.2	9,550.4	8,002.9

Note: GLA Mayor figure includes budgeted expenditure on group items as set out in Table 1 in Appendix A.

Retained business rates funding

The table below sets out the allocation of retained business rates by the Mayor across the GLA Group for 2021-22, on the basis that the GLA will be at the minimum funding floor guaranteed by the Government's safety net which is equivalent to 97 per cent of its MHCLG settlement baseline funding. It also includes the estimated tariff and levy payments the GLA will make to the Government either directly based on the billing authority estimates received in January albeit noting that only the tariff element of £812.4 million which is a statutory sum approved in the local government finance settlement will ultimately be payable given the GLA's business rates income is not expected to be above baseline once the 2021-22 outturn position is confirmed.

The Mayor will initially seek to manage any volatility arising from the expected outturn position for 2020-21 through the GLA's business rates reserve and should the position for 2021-22 be more positive than currently assumed will adjust allocations from April 2022. Appendix I outlines the assumptions made in more detail for 2021-22 and subsequent years, having regard to the uncertainty associated with the structure of the business rates retention system beyond 2021-22.

Proposed allocation of retained business rates income (including section 31 grants) in 2021-22

	GLA Mayor £m	GLA Assembly £m	TfL £m	LFC £m	MOPAC £m	LLDC £m	OPDC £m	Group Items £m	Total £m
Total funding allocated to GLA and functional bodies for revenue services	51.7	4.9	862.1	228.1	27.9	27.3	6.4	15.4	1,223.8
Total funding allocated to GLA and functional bodies for capital spending	0.0	0.0	930.2	0.0	0.0	0.0	0.0	0.0	930.2
Total Tariff/levy payment to MHCLG	0.0	0.0	0.0	0.0	0.0	0.0	0.0	841.2	841.2
Total	51.7	4.9	1,792.3	228.1	27.9	27.3	6.4	856.6	2,995.2

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 expected collection fund deficit in respect of council tax for 2020-21 of which one third is expected to be paid to billing authorities through an adjustment to their 2021-22 payment instalments to the GLA with the remainder being repaid in equal amounts in 2022-23 and 2023-24 under the three-year deficit spreading scheme.

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	Plan
	Budget	2021-22	2022-23
	2020-21	2021-22	2022-23
	£m	£m	£m
Net financing requirement	3,633.6	3,597.9	3,615.0
Government grants, council tax surplus and retained business rates	-2,866.5	-2,793.0	-2,781.7
Amount for police services	767.1	804.9	833.3

This is equivalent to a Band D element for police services of £267.13 for 2021-22 in the 32 London boroughs (£252.13 for 2020-21) reflecting the proposed £15 or 5.9 per cent increase, as confirmed in the final police finance settlement for 2021-22 and approved council tax referendum principles.

Council tax requirement for other services

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

Council tax requirement for other services	Revised	Budget	Plan
	Budget	2021-22	2022-23
	2020-21	2021-22	2022-23
	£m	£m	£m
GLA, LFC, LLDC, OPDC and TfL net expenditure	5,612.6	5,952.5	4,387.9
Government grants, council tax surplus, retained business rates and use of MDC reserve	-5,368.8	-5,660.9	-4,086.0
Amount for other services	243.8	291.6	301.9

This is equivalent to a Band D element for other services of £96.53 for 2021-22 in the 32 London boroughs (£79.94 for 2020-21). 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 Transport for London and the London Fire Commissioner, as set out in the Section 1 of this draft budget.

Summary of proposed adjusted and unadjusted council tax by Band

The proposed adjusted basic amount of council tax is therefore £363.66 for a Band D property (i.e. £267.13 for the Mayor's Office of Policing and Crime plus £96.53 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	2021-22	2020-21	Change
Band A	£242.44	£221.38	£21.06
Band B	£282.85	£258.28	£24.57
Band C	£323.25	£295.17	£28.08
Band D	£363.66	£332.07	£31.59
Band E	£444.47	£405.86	£38.61
Band F	£525.29	£479.66	£45.63
Band G	£606.10	£553.45	£52.65
Band H	£727.32	£664.14	£63.18

The proposed unadjusted basic amount of council tax is £96.53 – this is the sum paid by Band D council taxpayers in the City of London. Council taxpayers in the City of London, which is outside the Metropolitan Police District, contribute towards the costs of the City of London Police.

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

Band	2021-22	2020-21	Change
Band A	£64.35	£53.29	£11.06
Band B	£75.08	£62.17	£12.91
Band C	£85.80	£71.06	£14.74
Band D	£96.53	£79.94	£16.59
Band E	£117.98	£97.70	£20.28
Band F	£139.43	£115.47	£23.96
Band G	£160.88	£133.23	£27.65
Band H	£193.06	£159.88	£33.18

Council tax referendum thresholds

On 4 February MHCLG published the approved 2021-22 council tax referendum principles thresholds including those for the GLA as part of the final local government finance settlement. The principles were approved by the House of Commons on 10 February. The final referendum limit for the GLA's unadjusted basic amount of council tax for non-police services was an increase of more than £16.59 (including £15 for TfL funded transport concessions for under 18s and the 60+ Oyster photocard) and for its adjusted amount including policing this figure was more than £31.59 reflecting the additional £15 permitted for policing.

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

Funding Assumptions

Introduction

This Appendix sets out the assumptions underpinning the main funding sources for the 2021-22 budget, including any impacts arising from the expected reductions in revenues for 2020-21. It also highlights the lack of certainty for the years beyond 2021-22 ahead of the multi-year spending review expected to take place in late 2021, the implementation of the local government fair funding review and reset of business rates growth expected no earlier than April 2022 and the outcome of the Government's fundamental review of business rates as a tax, which might conclude in Spring 2021. In addition, there is significant uncertainty about the ongoing effect on the business rates and council taxbase as a result of the economic impact of the COVID-19 pandemic.

2021-22 Local Government and Fire Finance Settlements

The Ministry of Housing, Communities and Local Government published the provisional local government and fire finance settlement on 17 December 2020 and the final settlement on 4 February 2021. The estimates in this budget have regard, where possible, to the announcements made in the final settlement, which was approved by the House of Commons on 10 February 2021.

Since 2017-18 all former fire and rescue and GLA general funding as well TfL's former DfT general and investment grants, together with MOPAC's share of prior year council tax freeze grants, has been provided to the Mayor through locally retained business rates. Core Home Office policing grant is provided separately as set out below.

As announced in the Spending Review on 25 November 2020, the Government will increase overall core funding levels in 2021-22 (i.e. settlement funding baselines) on average in line with the 0.5 per cent increase in September 2020 CPI. This uplift will be met for the GLA – which no longer receives revenue support grant – via additional section 31 grant, as the business rates multiplier for 2021-22 which would normally be increased by this percentage will be frozen. The GLA's settlement baseline funding level for 2021-22 is £2,220.7 million, albeit this figure is only notional as the actual revenue which will be received is determined by retained business rates income, subject to any safety net guarantee provided within the rates retention system. It does, however, form part of the calculation which determines the minimum guaranteed funding level the GLA would receive under the safety net mechanism provided by the Government irrespective of any losses in business rates income.

The GLA's minimum guaranteed safety net – the lowest possible income it could receive irrespective of the level of business rates losses – has been set at 97 per cent of the GLA's settlement baseline funding in line with the position for the remaining business rates pilots (Greater Manchester, Liverpool City region, the West Midlands, the West of England combined authority and Cornwall). This differs from the position for non pilot areas and the protection this higher guarantee offers is equivalent to additional funding protection from the Government of around £106 million on a like for like basis.

Since 2018-19 the Mayor has also allocated additional retained business rates income to fund policing, significantly above the baseline level set out in the Government's funding settlement – including the equivalent of just under £60 million annually to fund an additional 1,000 police officers since 2019-20. From 2021-22 to 2024-25 it is proposed that this amount be funded from a combination of council tax receipts and MOPAC's reserves, reflecting the sums paid to MOPAC in advance for this purpose in 2019-20.

2021-22 Home Office Police Grant Settlement

The Home Office also published the provisional police settlement on 17 December 2020 and the final settlement on 4 February 2021 – no changes being made between the two in respect of core general funding. The House of Commons approved the associated statutory 2021-22 Police Grant report on 10 February. This budget now correctly reflects the actual core Home Office Police Grant and NICC allocation confirmed in the settlement on grant allocations and the council tax referendum threshold for policing bodies. The final settlement 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.

In the Spending Review on 25 November the Government announced an additional £400 million in funding for 2021-22, to support the recruitment of up to 6,000 police officers in England and Wales. This supplements the funding for the first tranche of 6,000 officers for 2020-21 – out of which the MPS was allocated 1,369 – alongside £45 million allocated in 2019-20 to kickstart recruitment nationally. In the provisional settlement the Government announced the allocation of the additional 6,000 officers between forces, of which London has been allocated approximately 1,344 in the supporting tables. Further funding is expected in 2022-23 to allow recruitment of additional officers, so the Government can meet its 20,000 national target.

In his 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. Although the reforms have been delayed until at least 2022-23, the loss of business rates growth means that, together with recurring council tax income, MOPAC has already received the needed to fund the 1,000 officers for the period 2021-22 to 2024-25.

Transport for London funding agreement with the Department for Transport

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

In 2021-22, the GLA's retained business rates funding baseline as set out in the MHCLG settlement includes an estimated notional £1,016 million in respect of the investment grant formerly paid by the DfT and a further £0.8 billion of residual former DfT operating grant. The Government has not yet confirmed any funding levels for TfL – including for capital investment – within the rates retention system beyond April 2022, as is the case for local government and fire services generally.

The £27 million grant previously paid to TfL for London Overground Rail Operations Ltd (LOROL) ceased from April 2020. TfL receives other revenue and capital specific grants for specific programmes and projects which are agreed and paid separately.

Following the reduction in fare revenues due to the COVID-19 pandemic, the Mayor and the Secretary of State for Transport agreed a £1.6 billion funding support package with DfT for the first half (H1) of 2020-21 and up to an additional £1.8 billion for the second half (H2). Of this support just over £2.8 billion is being met by direct grant and the balance via increased borrowing approvals. This is being paid via the GLA as GLA transport grant under s101 of the GLA Act. Negotiations are ongoing regarding the level of support required by TfL over the next two years, and arrangements thereafter based on the Financial Sustainability Plan which was submitted to DfT by TfL on 11 January 2021.

For this reason, the TfL budget includes an indicative funding assumption reflecting the sums it considers are required to deliver a balanced budget for 2021-22 and 2022-23.

Funding assumptions for retained business rates in 2021-22

The Government confirmed in the Spending Review that the GLA's 67 per cent retention partial pilot – reinstated in 2020-21 following the end of the 75 per cent London wide pilot in 2019-20 – would continue in 2021-22.

All of the GLA's core general grant funding for non-police services from central government has been replaced by retained business rates since April 2017 when the GLA's residual revenue support grant – the majority of which relates to funding for fire and rescue services – and TfL's capital investment grant were also rolled into its funding baseline. The GLA will again receive 37 per cent of business rates income in 2021-22 and the 33 London billing authorities 30 per cent, prior to the tariff or top up adjustment (i.e. the amount by which the estimated business rates baseline excluding growth exceeds or is below the settlement funding baseline for each authority) and levy on growth payments due to or from the Government.

The GLA is a tariff authority in 2021-22 and will make a contribution of around £812.4 million to MHCLG to subsidise local services elsewhere in England based on its share of revenues assumed to be collected from London's business ratepayers. The remaining 33 per cent of business rates income not retained locally will be paid directly to central government by the 33 local authorities via the central share. In the event its business rates income exceeds its baseline it would also pay a levy on any growth to MHCLG.

Due to the additional significant risks associated with a potential downturn in business rates revenues, which could require some pool members to contribute towards the cost of the safety net guarantee for others rather than the entire burden falling on the Government, it has been agreed that the London business rates pool will be suspended for 2021-22. The Mayor, the Chair of London Councils and the Chairman of the Corporation of London's Policy and Resources Committee (acting for the lead authority for the pool) wrote to the Secretary of State on 12 January confirming this decision and the Secretary of State has confirmed that the pool will be revoked from 1 April 2021. The joint working and policy and administrative support to member authorities through the pool will continue, however, even though formal legal pooling infrastructure will not. The suspension of the pool means that – as was the case before 2018-19 – the GLA and the 33 billing authorities will operate independently within the business rates retention system in 2021-22. The GLA will make its tariff and, if applicable, levy payments directly therefore to MHCLG and if applicable, receive any safety net payments from MHCLG rather than through the pool.

At this stage the total forecast combined tariff and levy payment estimated to be payable by the GLA to MHCLG for 2021-22 is £841.2 million based on the billing authority forecasts submitted at the end of January 2021 albeit only the tariff element is payable in year. In practice the GLA does not expect that its outturn share of business rates income will be above its baseline due to expected valuation losses linked to the COVID-19 pandemic which are not reflected in the billing authority returns due to both to the scale of the potential losses and the level of uncertainty as to when they will be confirmed by the Valuation Office Agency – noting that their decision may be subject to formal challenge by ratepayers and their agents.

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.

Business rates retention: shares of retained rates and pool/levy position	2013-14 to 2016-17	2017-18	2018-19	2019-20	2020-21 and 2021-22
	%	%	%	%	%
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, in 20-21; no in 21-22

Local authorities including the GLA will continue to receive section 31 grants in respect of Government initiatives and policy changes which reduce the level of business rates income, such as the change to the annual uprating of the NNDR multiplier from RPI to CPI introduced in 2017, the increased thresholds for, and the continued doubling of, small business rate relief and any continuation in full or in part of the retail, leisure, hospitality (RLH) and childcare provider relief schemes in place in 2020-21 beyond 1 April 2021. These section 31 grants will continue to be paid directly to the GLA. The Chancellor is expected to announce in the Budget on 3 March what additional business rates relief schemes will be funded, if any, by the Government on a sectoral basis for 2021-22. At this stage, however, authorities have been requested by MHCLG to assume purely for planning and budgeting purposes that the current retail, leisure, hospitality (RLH) and childcare provider relief schemes in place for the 2020-21 financial year will not continue.

In 2020-21 the GLA is expected to receive around £1.15 billion in section 31 grant from MHCLG to compensate for its share of the £3 billion cost of the RLH and childcare provider relief schemes in London – albeit this is not expected to be received until February 2022 – with an offsetting deficit being recovered by billing authorities from their collection funds during 2021-22. The recent announcement by several supermarket and retail chains that they will repay their 2020-21 relief to central government will not affect these assumptions as these represent voluntary repayments made to Government – the statutory relief applied to rates bills which will be compensated by section 31 grant remains in place. It will be for the Government to determine how it wishes to use these repayments, albeit noting that a proportion in London will include elements relating to relief granted for the Mayor’s Crossrail business rate supplement.

Appendix H sets out the Mayor’s allocation of retained rates income in 2021-22 as well as its payments including the £812.4 million tariff payable to MHCLG which reflect the expectation that the GLA’s business rates income following the year end will be below the minimum guaranteed funding level provided by the Government – and that it will therefore receive compensation to top its funding up to that safety net position.

Council tax assumptions

Each London billing authority was required to determine its council tax base for 2021-22 by 31 January 2021, reflecting council tax support arrangements and discounts. The taxbases of the 33 billing authorities together make up the taxbase used by the GLA for setting the council tax. The average reduction in the taxbase is 0.96 per cent although this varies from -4.9 per cent to +0.9 per cent.

Billing authorities were also required to provide an estimated collection fund surplus or deficit outturn calculation for 2020-21 for council tax, taking into account expected collection rates, changes in the valuation list due to new properties being added and other changes since their original taxbases were set in January 2020. Details on the sums estimated are set out in section 1.

The Mayor is proposing in this Final Draft Budget that the overall (adjusted) Band D council tax charge for the GLA will increase by £31.59 or 9.5 per cent in 2021-22, compared to the 2020-21 level. This level of increase applies to the precept for the 32 London Boroughs (the adjusted basic amount of council tax). An increase of £16.59, equivalent to a 20.8 per cent increase, is proposed to apply to the separate Band D charge for the City of London (the unadjusted amount of council tax) which is outside the Metropolitan Police District.

The proposed increases are not 'excessive', according to the final council tax referendum principles published by MHCLG on 4 February and approved by the House of Commons on 10 February. The Government reviewed the principles relating to the GLA following the provisional MHCLG settlement in light of proposals from the Mayor to use council tax income to fund existing non-statutory concessions for under 18s and 60+ Oyster photocard recipients (noting that London boroughs fund the statutory freedom pass on off-peak services for those above state pension age as well as for disabled Londoners).

Managing the impact of 2020-21 and 2021-22 business rates and council tax losses including Government schemes to allow local authorities to spread their 2020-21 council tax and business rates deficits over the following three budget years and the proposed compensation for up to 75 per cent of 'irrecoverable' 2020-21 losses.

The Mayor's budget guidance issued in June 2020 outlined expected council tax and business rates losses in the core scenario totalling £493 million for 2020-21 and 2021-22 compared to the allocations for those years in the Mayor's 2020-21 Budget approved in February 2020. This was on the basis that council tax losses would be in the region of 7 per cent and business rates losses around 11 per cent – with a higher monetary impact for the latter in 2021-22 due to the impact of the expected ending of retail, leisure and hospitality relief, reductions in rateable values being made by the Valuation Office Agency under material change of circumstances grounds arising from the impact of the pandemic and, as was expected at that time, a potential reset of business rates growth by the Government.

The most recent returns submitted to MHCLG by billing authorities do imply an improved position but as they acknowledge they have been unable to take into account the impact of potentially significant Material Change of Circumstances (MCC) reductions in valuations in those returns due to the scale and uncertainty relating to the timing and impact of these as explained below. The potential losses are so large that they have the potential to render the entire business rates retention system unviable and create unacceptable strain on local authority budgets in addition to the challenges they already face due to the pandemic.

These returns are estimates therefore and the GLA considers that ultimately it is more likely that, absent support from the Government, the GLA would be in a safety net position – with its business rates income being significantly below its minimum guaranteed funding floor – once the 2021-22 outturn position is confirmed. The Government has consulted on proposed support for business rates losses in 2020-21 only, as set out below, but final figures are not available and it is unclear therefore what the ultimate outcome will be for that year. This uncertainty will be managed as set out in section 1.

These assumptions around business rates as stated above are driven by the risk of a potential long term erosion to the business rates taxbase arising from the economic impact of the COVID-19 pandemic and thus the capacity of this revenue stream to meet the spending needs of local government in England in future. This includes an immediate risk through 'Material Change of Circumstances' (MCC) appeals currently being submitted by or being considered for submission by ratepayers and their agents that could lead to the Valuation Office Agency (VOA) introducing blanket, locality or sectoral based reductions to rateable values to reflect the impact of reduced rental levels in respect of offices and retailers and reduced turnover levels for leisure and hospitality businesses.

Speculative coverage in the media has suggested that an average 25 per cent reduction could be made to the rateable values of offices backdated to the start of the pandemic in March 2020, although this has not been confirmed by the VOA. The worst case position as advised by the rating community could be as high as 65 per cent – equivalent to a reduction in rates income of over £3 billion in London alone before any losses for other sections such as retail, hospitality or airports. Following the 2008 financial crash the VOA reduced rateable values on offices in the City of London and Canary Wharf in 2009 by an average of 10 per cent so there is precedence for such a scenario. As an illustration, a 30 per cent reduction in 2021-22 in rateable values in the City of London and Westminster alone would potentially reduce business rates income by up to £3.3 billion before safety net support – of which the GLA's notional 37 per cent share would be around £1.1 billion – a loss which could persist at least until the planned national revaluation in 2023-24. However, the GLA would be protected by the Government's safety net mechanism if there was a wholesale reduction in the taxbase – which is reflected in the allocations the Mayor has made in this Final Draft Budget.

In order to allow local authorities to manage their 2020-21 deficits, the Government has laid the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) 2020 regulations which allow all English local authorities to spread their council tax and business rates deficits for 2020-21 over the next three budget years (i.e. 2021-22, 2022-23 and 2023-24).

The Government also confirmed in the provisional local government finance settlement that it would provide funding to cover up to 75 per cent of 'irrecoverable' business rates and council tax losses for 2020-21. The indicative monetary value of this compensation will not be able to be calculated accurately until the associated final guidance and methodology is published by MHCLG and the outturn business rates and council tax income is confirmed by billing authorities in the Summer or Autumn 2021 through their statutory accounts and statistical year end reporting for 2020-21. An estimate of the potential income for council tax losses is reflected in the Business Rates Reserve as the methodology for that scheme has now been confirmed but the details of the business rates scheme are still to be finalised and therefore any estimates made would be highly speculative.

The estimates in this document also reflect the estimated impact of the Non-Domestic Rating (Rates Retention, Levy and Safety Net and Levy Account: Basis of Distribution) (Amendment) Regulations 2020 which alter the methodology for calculating retained rates income, levy and safety net payments for major preceptors which apply from 1 April 2020.

The Government has also announced £670 million of additional funding for council tax support costs in 2021-22 to meet the impact of increased caseloads arising from the economic impact of the pandemic including higher numbers of universal credit claimants. The GLA has been allocated £25.0 million from this pot which has been allocated in this final draft budget as set out in part 1.

The Government's schemes to date do not provide any additional support for business rates losses for 2021-22 or future years where our expected losses are greater due to the valuation risks outlined above combined with the potential ending of Government relief schemes – hence the Mayor having to rely on the safety net guarantee.

Funding levels from 2022-23 onwards

As a result of the one-year Spending Review for 2021-22, the Government has announced it will delay the previously planned implementation of reforms to local government finance until at least 2022-23, including the planned full reset of business rates retention baselines and the fair funding review of needs and distribution for local and fire and rescue authorities. The reset is expected to remove much of the business rates growth achieved locally since 2013-14 and redistribute this in line with the Government's revised estimates of spending need, taking into account the impact of the multi-year spending review and fair funding review. The fair funding review, if implemented, will also alter baseline funding levels, tariff and top up payments and levy rates on growth.

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

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

The Government is also undertaking a fundamental review of business rates as a tax with the stated objective of reducing the overall burden on ratepayers which was due to conclude in Spring 2021 although it is unclear when any recommendations arising from this review will be announced or implemented.

The delay to both the multi-year spending review and the local government finance reforms as well as the risk of a downturn in the business rates taxbase 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 2022-23 onwards.

Conclusion

The decision of the Government for the second year running to only announce a one-year settlement, alongside uncertainty around council tax and business rates revenues, as well as lack of clarity about how the Government's proposed schemes to ameliorate the impact of losses for these revenue streams will operate in practice means there is currently considerable uncertainty around the revenue estimates set out in this budget for 2021-22 and beyond. Allocations of retained business rates and council tax are based on prudent forecasts of income for 2020-21 and 2021-22, but actual levels will not be confirmed until the final outturn data is received for both years in Autumn 2021 and Autumn 2022.

The long-term funding position beyond April 2022 is even more uncertain due the delay to the multi-year spending review and the implementation of planned reforms to local government finance including the fair funding review and business rates reset as well as the implications of the Government's fundamental review of business rates as a tax – as well as the actual sustainability of business rates as a tax due to the impact of the pandemic on valuations. It is unclear whether a multi-year settlement will be introduced in 2022-23 and when these other reforms will be implemented, if at all. This combined with the medium to long term risks to taxbases arising from the economic impact of the COVID-19 pandemic make forward planning with any degree of certainty extremely challenging.

Budget timetable and key dates

Date	Description
25 February 2021	Mayor to present his Final Draft Budget to the London Assembly.
28 February 2021	Statutory deadline for the Mayor to approve the final Capital Spending Plan for 2021-22 and notify the Secretary of State for Housing, Communities and Local Government.
31 March 2021	Statutory deadline for the Mayor to approve the Authorised Limit for external debt (borrowing) for the functional bodies and the GLA alongside the Prudential Indicators and Capital Financing Requirements required by statute.

Summary of changes compared to the Draft Budget

As noted in the Introduction, since the Draft Consolidated Budget document was published on 19 January 2021, the GLA has received returns from billing authorities, confirming council taxbases and the overall council tax collection fund deficit, as well as forecast business rates income for 2021-22. In addition, the Government has published the final police and local government finance settlements, which have been approved by the House of Commons, confirming the level for the safety net business rates allocation. This document also reflects the final council tax referendum principles for the unadjusted and adjusted basic amounts of council tax.

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

The council tax Band D charges for 2021-22 in the 32 London Boroughs and the City of London remain as set out in the draft consolidated budget, considered by the Assembly on 27 January 2021. However, the figures for the council tax requirement and Band D amounts in 2021-22 have been updated to reflect the final 2021-22 taxbases with the amounts for future years amended, to reflect the consequential impact and the assumption that the taxbase will increase by 1.5 per cent a year from 2020-21 onwards.

The figure for the Mayor's Office expenditure in the GLA: Mayor budget has been corrected.

Since the draft budget, the Home Office has confirmed funding for the VRU of £7.0 million in 2021-22, which is reflected in the MOPAC budget figures. The MOPAC budget also reflects the correct figure for Home Office Police Grant and NICC, confirmed in the final settlement.

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

Other formats and languages

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Chinese

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Vietnamese

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

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.

Turkish

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

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:

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

Bengali

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

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

Arabic

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

Gujarati

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