

Report to the Assembly on the Mayor's Final Draft Consolidated Budget for 2016 – 2017

Report to: London Assembly

Date: 22 February 2016

Report of: Conservative Group

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PART A: INTRODUCTION & COMMENTARY¹

This is the Mayor's final budget of his second term. Over the last four years the Mayor has consistently delivered on his promise to reduce City Hall's burden on the London taxpayer. The promise to reduce the GLA Council Tax Precept by 10 per cent over this mayoral term will be met during the forthcoming financial year. The Mayor's Budget proposes to reduce the Band D precept by £19 to £276 in 2016-17, which amounts to a £500 saving over this administration and a real term cut in the GLA Council Tax bill of 28 per cent. Such a reduction is in stark contrast to what occurred under the previous administration, during which the council tax burden increased.

While the GLA Conservatives support the Mayor's ambitions, our amendment proposes a number of small but highly significant deviations that would reduce the Mayor's call on the average Band D council tax by 8.5 per cent instead of 6.4 per cent. So that council tax for your average Band D property would be £269.79 rather than £276. Such a reduction this year would mean that the Mayor could go beyond his commitment to reducing the precept by 10 per cent and reduce the burden on London taxpayers even further to 12 per cent.

Our current proposals include:

1. £76k for the creation of a London Infrastructure Trust.
2. £5.9m to be allocated to the extension of the Student 18+ Travelcard for up to five months after graduation, i.e. to the end of the calendar year rather than at graduation.

¹ This report is made up of two Parts, A and B. The text in Part A does not form part of the formal budget amendments, which are set out in Part B.

The above proposals and the recommended additional reduction of the council tax precept would be funded by doing the following:

- Scrapping nominee passes for all TfL employees. Research by Andrew Boff AM estimates that this would increase fare revenues by £22.2m.
- Slimming London TravelWatch to more respectable levels. This amendment suggests reducing the budget by £1m to £0.1m.
- Cutting the budgets of the political groups in Assembly by 5 per cent. This would save at least £103k on current projections.
- Reducing the budget of the Assembly Scrutiny Team by a commensurate 5 per cent. This would save at least £78k on current projections.

Core GLA – Mayor

	Mayor's Draft	Conservative Amendment
	£m	£m
Funding the creation of a London Infrastructure Trust	0.000	0.076
Reallocation of Retained Business Rates from Transport for London	0.000	-1.693
Proposed 2016-17 council tax requirement	60.833	59.217

Throughout his mayoralty, the Mayor has regularly stated that jobs and growth are the top priority. The Mayor has also ensured that more than 100,000 apprenticeships have been created in London since the beginning of this Mayoral term, 170,000 since the beginning of the Mayor's programme in 2010. Annual numbers have averaged over 40,000 (compared to less than 21,000 prior to the scheme). The London Enterprise Panel (LEP) is also leading the way on these priorities. The LEP will be allocated an additional £77.5 million in 2016-17 as part of its Local Growth Deal and the GLA Conservatives supports its work.

Creation of a London Infrastructure Trust

The latest projections estimate that there will be a 37 per cent increase in London's population from 2011 to 2050, with an average estimate of the resident population of 11.3m. The Capital has this year passed its 1939 peak of 8.6m, and will have a population of 10m by 2030. A larger total population will obviously mean a larger working population. Workforce jobs, that is those located in London regardless of residence, will likely increase to 6.3 million by 2050 from roughly 5 million today. All of this puts a significant strain on the economy and public services in the Capital. For instance, over the next few decades, demand for public transport is likely to increase by 50 per cent, and, for the Underground and rail networks specifically, this is likely to increase by 60 and 80 per cent respectively.

That is why infrastructure investment is so vital. London needs £1.3 trillion of infrastructure investment in its transport network, housing stock, broadband and educational institutions. Government sources state that 66% of funding for infrastructure will need to come from the private sector – but how? What mechanism can be used to ensure that vital improvements are delivered to maintain the capital's competitive edge in a global economy?

The Mayor of Chicago recently established an Infrastructure Trust to help with this. This will channel private sector investment into public works that show a clear return on investment for both investors and the city and its residents. The Board of the Trust is comprised of business leaders and is chaired by the Mayor. So far, investment has been secured for 3/4G rollout on the metro system and energy efficiency retrofitting across the public estate. Financing through an infrastructure trust differs from PFI contracts as the taxpayer retains full ownership of the venture in question – this would simply be a private sector investment made good from any additional revenues created by the new transport infrastructure. Because of the latter, rail line extensions or new tolled river crossings would be ideal for such investments.

As was detailed in Gareth Bacon AM's report *Burrowing for Success: Financing the Silvertown Tunnel and infrastructure US-style*, we would want London to create a London Infrastructure Trust to channel such funds towards urgently needed transport infrastructure projects, such as Crossrail 2 and the Silvertown Tunnel. Adopting this approach would reduce the tax-fall on London taxpayers and businesses and help to get these projects off the ground sooner.

It would be straightforward to set up the proposed London Infrastructure Trust (LIT). Just like the London Enterprise Panel (LEP), the London Infrastructure Trust would legally be a non-incorporated consultative and advisory body established under sections 30 and 34 of the Greater London Authority Act 1999. As a Mayoral appointed body with no separate independent or corporate legal status, the LIT would operate through the GLA, which would act as the LEP's accountable body and financial guarantor. As the legal provisions already exist to establish the London Infrastructure Trust, no amendments to primary legislation would be required. Further, as the LEP manages £294m on behalf of the GLA, there is precedent for the Mayor to act as a guarantor for the large sums of money the LIT would manage.

We have modelled the costs of establishing the LIT as identical to the operating costs of the LEP. Along with non-remunerated members of the Board drawn from the Capital's business community, the LIT would receive administrative support from the Assembly's Secretariat (equivalent to 2.6 FTE employees) to support meetings and operational duties. The role of the Trust would be to advise the Mayor on investment decisions and recommend projects for financing through private sector sources. As the LIT would be an appointed body and not a full Functional Body of the GLA, such an advisory role would be sufficient as the GLA and TfL would effectuate investment decisions.

Core GLA – Assembly

	Mayor's Draft	Conservative Amendment
	£m	£m
A five per cent reduction in funding for political groups	2.1	-0.1
Reduction in funding for London TravelWatch	1.1	-1.0
A five per cent reduction in the Assembly Scrutiny Team budget in line with cuts to political groups	1.6	-0.08
Proposed 2016-17 council tax requirement	2.6	1.43

The Assembly's council tax requirement will be £2.6 million in 2016/17, which is identical to what it is during this financial year. While it is welcome that the Assembly budget is not growing, we think more could be done to slim down the body. We would like any savings generated to go towards a reduction in the Assembly's call on the council tax precept.

Firstly, as with last year, we would want a 5 per cent reduction in funding for the political groups, in a time of fiscal constraint, such a plan seems reasonable. By our calculations this would save £103k from the Assembly budget. Alongside this, we would also like to see a commensurate reduction of 5 per cent in the Assembly Secretariat Scrutiny Budget. This equates to £78k, which we would like to see realised through natural wastage and not job cuts.

In addition, GLA Conservatives would also like to see a significant reduction in the budget for London TravelWatch. This is an ineffective body that either replicates that work of the Assembly Transport Committee or mimics the work of Passenger Focus, the national passenger watchdog. As a result, it is a redundant organisation and its funding should be reduced and reallocated towards more effective programmes. We would want £1m transferred from TravelWatch, reducing the body to a £100k budget (more than enough to meet its statutory commitments) and used to fund more worthwhile projects.

Mayor's Office for Policing and Crime

	Mayor's Draft	Conservative Amendment
	£m	£m
Reduction in MPS's contribution to the costs of transport policing	0.0	-14.62
Proposed 2016-17 council tax requirement	566.66	552.04

The Mayor's Police and Crime Plan sets out the Mayor's strategy for tackling crime and making London safer over a four year period (2013-2017). The Plan includes the 20-20-20 targets to cut seven priority high impact neighbourhood crimes by 20 per cent; boost public confidence in the MPS by 20 per cent; while making 20 per cent savings in the MPS.

The Met performs well in very challenging circumstances, with recorded crime at a record low and public confidence at a high. Because of the tough fiscal environment that the Met operate within, we do not envisage any funding reduction beyond what the Mayor has already agreed. We would, however, want to see a reduction of £14.62m from the MPS's contribution to the cost of transport policing. This additional funding will be used to fund a cut on MOPAC's call on the council tax precept.

London Fire and Emergency Planning Authority

LFEP's key priorities are set out in the Fifth London Safety Plan (LSP5). These are to: promote community safety and fire prevention; make sure that buildings in London conform to the appropriate fire safety standards; respond to emergency incidents as quickly as possible; and deliver services in a cost effective way. LSP5 also sets out headline performance targets on reducing home fires; conducting safety visits; reduce fire related deaths; and reduce false alarms from automated systems. On all of these measures, the London Fire Brigade is performing well. Work to develop the Sixth London Safety Plan (LSP6) is currently underway and will be published in 2016 in readiness for implementation in 2017.

In this budget, the Mayor is proposing an increase in LFEP's combined capital and revenue budget for 2016-17 of some £22.9 million. Gross revenue expenditure by LFEP is set to increase by £2.7 million to £428.0 million in 2016-17 compared to £425.3 million for 2015-16. The Mayor also proposes that the council tax requirement for LFEP is £138.2 million.

We are confident that the LFB will continue their stellar work and LFEP will continue to perform well. As such, we do not wish for the LFEP budget to be amended for this financial year.

Transport for London

	Mayor's Draft	Conservative Amendment
	£m	£m
Additional revenues from the scrapping of nominee passes	0.0	-22.2
Reallocation of Retained Business Rates to Core GLA - Mayor	0.0	1.693
Reduced income from Metropolitan police for transport policing	0.0	14.62
An extension of the Graduate 18+ Travelcard from graduation to the end of the calendar year	0.0	5.9
Proposed 2016-17 council tax requirement	6.0	6.0

In 2016-17 TfL's capital programme will be £485 million lower than last year. The Mayor proposes that TfL's total gross expenditure budget for 2016-17 is to be reduced by £70.6 million from £7,034.8 million to £6,964.2 million, including the impact of the Spending Review of £240 million. This takes into account inflation, including bus contract and wage inflation, incremental efficiencies and an increase in the debt service provision due to greater levels of borrowings to provide for capital investment.

This year, the Mayor has continued to bear down on fares. Fares in 2016 will on average rise by inflation, rather than TfL's long-term assumption of RPI plus one per cent. We also welcome the Mayor's commitment to providing free travel for children on rail services within London.

GLA Conservatives have pushed hard over the last year for TfL to become more commercial, in particular to further expand the use of commercial sponsorship. With ever-decreasing Government revenues, the announcement on total withdrawal of funding in the near future and continued pressure to bear down on fares, raising additional income will become increasingly important for TfL. We are pleased that the commercial development targets have been increased to £3.4bn and we will continue to make the case for additional improvements in this area.

Cutting nominee passes

GLA Conservatives have consistently campaigned on this issue and will continue to in this budget submission, but it is a strange and puzzling phenomenon that, in this time of financial constraint, Transport for London (TfL) offers, as an employee perk, free and non-taxable travel on the TfL network for nominees of their staff. Nominee Passes are not only open to a family member, they are also available to any one person residing in the staff member's household – be they a lodger or a flatmate.

Neither the Metropolitan Police Service nor the London Fire Brigade, which are widely considered as more vital Blue Light organisations, offer such passes to nominees of their staff. So why does TfL continue this unaffordable and unfair practice? Although TfL have stated that the provision of free travel to staff nominees is nil because the number of such journeys is insufficient to require additional services, this is slightly disingenuous as there is a loss to the operator from a loss of fare revenues.

In Andrew Boff AM's report *Free Ride: Scrapping free travel for lodgers and flatmates of TfL staff*, we calculated the loss of fare revenues to TfL. The figures TfL have provided for nominee passholder journeys taken on Tube, Overground, DLR, tram and bus during 2014 (the last full year of data) show that a staggering 3,616,440 single journeys were taken on Tube, Overground, DLR and tram, with a further 4,799,585 single journeys taken by bus. When calculating the cost to TfL, we used average fare prices to determine that the cost to TfL from foregone fare revenues was £22,234,387 per annum, or £111,171,935 up to 2020. In the report we calculated that this money could in sum instead fund free travel for all London fire fighters, 25 new docking stations for the cycle-hire scheme and 175 additional New Routemaster buses.

In this budget submission, we would like to see nominee passes scrapped at the earliest opportunity. In this budget, the immediate savings have gone towards funding cashless technology in London's taxis and an extension of subsidised graduate travel.

Funding the roll-out of credit card terminals in taxis

Britain is fast becoming a cashless society. Consumers now expect to be able to pay by credit or debit card for their purchases, be that online or on the high street. Yet London's taxis fall behind in supplying their customers with card-payment services. Roughly half of taxis currently take card payments; this is simply not good enough.

TfL will, as the regulator, be making the availability of a card payment option for journeys mandatory for all regulated taxis in London from October 2016.

A survey of passengers highlighted that 40 per cent would use taxi services more regularly if they could pay by card and 85 per cent said that they would prefer to pay by card.

In a highly competitive market, having card payment machines in all taxis will significantly benefit taxi drivers. Mandatory acceptance of credit cards is not outlandish. This rule has been introduced in many major cities and New York, which introduced it a decade ago, said that 70 per cent of all transactions are now made using cards.

TfL have confirmed that it will increase the minimum fare by 20p to £2.60. TfL has also negotiated a reduction in transaction fees from the usual 10 per cent to three per cent, however this is only designed to cover the cost of each transaction, not the associated rental costs of the payment machine.

However, surcharging is to be abolished by the EU in 2017 anyway, so this is not much of a concession. In two years' time the fares will have to rise again to cover the rental costs if TfL don't want cabbies to take on the cost.

While the mandatory introduction of accepting card payments is welcome, given TfL should be making taxi fares more competitive, it is not in the interests of the taxi trade to increase minimum fares any further.

The use of card machines should instead be met by TfL on behalf of the consumer, and these costs should be financed through sponsorship schemes either attached to the card payment hardware or on the exterior of the taxi. New York and Las Vegas currently utilise advertising inside their vehicles to pay for cashless technology, TfL could easily emulate this.

Extending the graduate travel card to include the remainder of the calendar year

In London, TfL currently offer to undergraduates the opportunity to register for an 18+ Student Travelcard. This offers subsidised travel in London of 30 per cent for the duration of the three-year course. Under the terms of use, these Travelcards only last for the duration of the course, which normally formally ends on the July of the their year of study.

We think that this is abrupt and arbitrary. To aid students at a time when they are probably looking for full-time employment and to help them cover the costs of living, we would like to see the 18+ Student Travelcard extended for five months until the end of the year.

During the last measurable period, there were 81,234 such Travelcards in circulation. We have calculated the cost of extending this Travelcard based upon an average Zone 1-3 monthly Travelcard and for a third of students to take up this offer (only those in the third year of study). Our calculations, therefore, put the cost of extending the 30 per cent discount for an additional five months at £5.9m. This would be fully funded through the scrapping of nominee passes.

Re-allocation of Retained Business Rates to Core GLA – Mayor

GLA conservatives propose that arising from the above £1.68m of Retained Business Rates be transferred to the Core GLA – Mayor's budget to maintain TfL's precept at £6m.

London Legacy Development Corporation

The London Legacy Development Corporation (LLDC) is responsible for promoting and delivering the regeneration of Queen Elizabeth Olympic Park and the surrounding area. Since London 2012, the LLDC has been working to transform the Park and venues from their Olympic to their legacy configuration. The Copper Box Arena, Timber Lodge, North Park and Aquatics Centre re-opened by March 2014. The ArcelorMittal Orbit and re-modelled South Park opened in April 2014 and the Stadium will re-open permanently in summer 2016.

The LLDC is also tasked with delivering the Mayor's Olympicopolis vision. This brings together the world class cultural and education institutions of Sadler's Wells, University of the Arts London (UAL), University College London (UCL), the Victoria & Albert Museum (V&A), and potentially also the Smithsonian Institute on the Park to create an arts and education quarter that will create 3,000 jobs in the area and attract 1.5 million visitors a year. The £1.3 billion programme is funded through a combination of Government funding, contributions from partners, receipts from the sale of residential developments, philanthropic donations and GLA funding.

The Mayor's proposed gross revenue expenditure in 2016-17 is £40.8 million, an increase of £0.3million from 2015-16. The Mayor's proposed revenue expenditure for LLDC net of income in 2016-17 is £36.0 million, a reduction of £3.6 million, reflecting savings and efficiencies. After deducting fees, charges, the agreed contribution from the GLA, other income and planned use of reserves, the Mayor proposes a nil council tax requirement for LLDC.

All of this points to a healthy future for the LLDC. On the Olympic site, we will continue to push for more family housing in the area and scrutinise the redevelopment of the Stadium, but for this amendment we do not require any reallocations of expenditure.

Old Oak and Park Royal Development Corporation

A new Mayoral Development Corporation (MDC) for the Old Oak Common and Park Royal area came into operation on 1 April 2015. The new High Speed 2 (HS2), Crossrail and Great West Mainline stations at Old Oak Common will provide the impetus for a once in a lifetime regeneration opportunity in that part of West London. The Old Oak and Park Royal Development Corporation (OPDC), utilising its planning and regeneration powers, will ensure that all these benefits are captured and maximised to deliver much needed jobs and homes in London. As the OPDC is a functional body of the GLA under the GLA Act it is required to have its own approved component budget and statutory council tax requirement.

After deducting planning application fees and charges and its allocated contribution from the GLA, the Mayor's proposed net expenditure and council tax requirement for the OPDC in 2016-17 is NIL. Although there will be sizeable challenges for the OPDC in the near future, such as land assembly and finance leveraging, we are confident that the OPDC is on the right track and this budget will ensure the MDC is in a position to meet these challenges.

Summary of proposals – Budget requirements

Component council tax requirement	Mayor's proposals 2016/17	GLA Conservative's proposals 2016/17
Mayor of London	£60.8m	£59.2m
London Assembly	£2.6m	£1.4m
MOPAC	£566.7m	£552.04m
LFEPa	£138.2m	£138.2m
TfL	£6m	£6.0m
LLDC	£NIL	£NIL
OPDC	£NIL	£NIL
Consolidated council tax requirement	£774.3m	£756.9m
Total Band D precept (£)	£276.00	£269.79

PART B: Proposal to approve, with amendments, the Final Draft Consolidated Budget for the 2016-17 financial year for the Greater London Authority and the Functional Bodies.

RECOMMENDATIONS:

FORMAL BUDGET AMENDMENT

1. The Mayor's Final Draft consolidated budget (together with the component budgets comprised within it) for 2016-17 be amended by the sum(s) shown in column number 3 of the table for each constituent body, as set out and in accordance with the attached Schedule.

(These sums are the calculations under sections 85(4) to (8) of the Greater London Authority Act 1999 (as amended) ('The GLA Act') which give rise to each of the amounts mentioned in recommendations 2 and 3 below.)

2. The calculations referred to in recommendation 1 above, give rise to a component council tax requirement for 2016-17 for each constituent body as follows:

<i>Constituent body</i>	Component council tax requirement
Greater London Authority: Mayor of London	£59,216,500
Greater London Authority: London Assembly	£1,434,000
Mayor's Office for Policing and Crime	£552,036,794
London Fire and Emergency Planning Authority	£138,238,000
Transport for London	£6,000,000
London Legacy Development Corporation	£0
Old Oak and Park Royal Development Corporation	£0

3. The component council tax requirements shown in recommendation 2 above, give rise to a consolidated council tax requirement for the Authority for 2016-17 (shown at Line 99 in the attached Schedule) of **£756,925,294**.

BUDGET RELATED MOTIONS

3. [WHERE APPLICABLE, INSERT ANY OTHER BUDGET RELATED MOTIONS REQUIRED]

NOTES:

Assembly's powers of budget amendment

- a. The Mayor is required to set a consolidated and component council tax requirement and it is this amount which the Assembly has the power to amend. The council tax requirement equates to the amount which will be allocated to the Mayor, the Assembly and for each functional body from the Mayor's council tax precept. These individual functional body requirements are consolidated to form the consolidated council tax requirement for the GLA Group.
- b. A two thirds majority of votes cast by Assembly Members is required to approve any amendment to recommendations (1) to (3) above concerning the Final Draft Consolidated Budget; abstentions are not counted.
- c. If a two thirds majority to approve an amendment is not achieved then the Mayor's Final Draft Consolidated Budget, is therefore approved without amendment.
- d. Lines 4 (GLA Mayor), 18 (Assembly), 32 (MOPAC), 46 (LFEPA), 60 (TfL), 74 (LLDC) and 88 (OPDC) within the expenditure estimates are used to allocate any revenue account deficit being met from reserves relating to a prior financial year. Under the Mayor's proposals the GLA (Mayoral) component budget (line 4) includes the GLA's share of the aggregate current forecast net collection fund deficit at 31 March 2016 in respect of retained business rates. This is nominally allocated to the GLA in line with accounting practice as the precepting authority but in principle the deficit can be attributed to any component budget. The forecast net collection fund surplus reported by billing authorities for council tax in respect of 2015-16 is treated as an income item (see section e below).
- e. The income estimates calculated under section 85 5(a) of the GLA Act are presented in five parts within the statutory calculations:
 - Income not in respect of Government grant, retained business rates or council tax precept. This includes fare revenues; congestion charging income; the Crossrail Business rate supplement; the sums receivable in non domestic rates from London billing authorities required to meet the GLA's fixed tariff payment under rates retention; and all other income not received from central government, through the council tax precept or via *retained* business rates. (line 6 for the Mayor, line 20 for the Assembly, line 34 for MOPAC, line 48 for LFEPA , line 62 for TfL, line 76 for the LLDC and line 90 for the OPDC);
 - Income in respect of specific and special government grants. This includes those grants which are not regarded as general grants and are nominally paid for specific purposes. This includes Home Office specific grants for MOPAC including counter-terrorism funding and other grants paid for specific purposes to the GLA and the other functional bodies (line 7 for the Mayor, line 21 for the Assembly, line 35 for MOPAC, line 49 for LFEPA, line 63 for TfL, line 77 for the LLDC and line 91 for the OPDC);
 - Income in respect of general government grants. In 2016-17 this comprises Revenue Support Grant, the general element only of the GLA Transport Grant payable for the purposes of Transport for London and for - MOPAC only - core Home Office police, NICC grant, council tax legacy support and principal police formula grant (line 8 for the Mayor, line 22 for the Assembly, line 36 for MOPAC, line 50 for LFEPA, line 64 for TfL, line 78 for the LLDC and line 92 for OPDC). The Home Office policing and principal police formula grant reported within line 36 – this being the total sum excluding the £27.1 million provided via revenue support grant for prior year council tax freeze grants - can only be applied to the MOPAC component budget and the general transport grant figure on line 64 for TfL can only be applied for its purposes;

- Income in respect of retained business rates including estimated related section 31 grant income payable by the Secretary of State under the Local Government Act 2003 (line 9 for the Mayor, line 23 for the Assembly, line 37 for MOPAC, line 51 for LFEPA, line 65 for TfL, line 79 for the LLDC and line 93 for OPDC). This excludes the sum receivable in non domestic rates required to meet the fixed tariff and estimated levy on growth estimated as payable to central government which is treated as general income as above; and
 - The GLA's estimated share of any aggregate forecast net collection fund surplus at 31 March 2016 reported by the 33 London billing authorities in respect of either council tax and/or retained business rates. This is nominally allocated to the GLA in line with accounting practice but in principle the surplus can be attributed to any component budget. For the Final Draft budget this figure reflects the GLA's share of the estimated net collection fund surplus at 31 March 2016 in respect of council tax only as the retained business rates forecast is reported on line 4 as it is forecast to be a deficit (line 10 for the Mayor, line 24 for the Assembly, line 38 for MOPAC, line 52 for LFEPA, line 66 for TfL, and line 80 for the LLDC). This figure reflects the estimates supplied by billing authorities at the end of January 2016.
- f. A subtotal for income items before the use of reserves (line 11 for the Mayor, line 25 for the Assembly, line 39 for MOPAC, line 53 for LFEPA, line 67 for TfL, line 81 for the LLDC and line 95 for the OPDC) is included in the proforma and must also be amended to reflect the sum of any amendments made to the income items listed in paragraph d above.
 - g. The proposed use of reserves to meet expenditure is recorded in lines 12 (Mayor), 26 (Assembly), 40 (MOPAC), 54 (LFEPA), 68 (TfL), 82 (LLDC) and 96 (OPDC). The overall income total including the use of reserves and the sum of the income items from paragraph e is recorded in lines 13 (Mayor), 27 (Assembly), 41 (MOPAC), 55 (LFEPA), 69 (TfL), 83 (LLDC) and 97 (OPDC) – and again this must also be amended to reflect the sum of any amendments made to the items described in paragraphs d and e above.

Council tax base and GLA Share of Billing Authority Collection Fund Surpluses or Deficits in respect of Council tax

- h. The council tax requirements are calculated using the 2016-17 approved council taxbases for the 33 London billing authorities – 2,810,748.56 Band D equivalent properties for non police services and 2,803,706.61 for police services (i.e. excluding the taxbase for the City of London). The GLA's share of the estimated collection fund surplus in respect of council tax as at 31 March 2016 is £32,388,802.

Compliance with Council Tax "Excessiveness Principles" Set by the Secretary of State

- i. A Band D council tax for non police services in the City of London (the unadjusted basic amount of council tax applying in the City) which exceeds £87.84 and/or a total council tax elsewhere (the adjusted basic amount applying in the 32 London boroughs) which exceeds £300.87 would be regarded as "excessive" under the principles announced by the Secretary of State and approved by the House of Commons. This is because a higher Band D amount in either case will result in an increase at or above the 2% threshold set by the Secretary of State, in which case the increase is regarded as "excessive," thereby triggering (in either or both cases as applicable) the requirement to hold a council tax referendum of local government electors across the whole of Greater London.
- j. Assembly Groups should therefore seek advice should they wish to propose amendments which have the effect of increasing the precept compared to the figures proposed by the Mayor of £73.89 (the unadjusted amount of council tax in the City) and £276.00 (the adjusted amount in the 32 boroughs) as it is possible that the amendment could breach the excessiveness principles depending on the apportionment of any additional council tax precept income raised between police and non police services.

- k. If an amendment resulting in an “excessive” council tax is passed at the 22 February meeting at which the final draft budget is to be considered, the Assembly will also be required to approve an alternative default or ‘substitute’ budget that is compliant with the excessiveness principles and which would become the budget should any resulting referendum not be passed – in effect at or less than an unadjusted council tax of £87.84 (in the area of the Common Council of the City of London) and/or an adjusted council tax of £300.87 (in the 32 London Boroughs) depending on which (or both) is/are “excessive”. Part 3 of the Mayor’s final draft budget provides advice to Assembly members on Council tax referendum issues.

SCHEDULE

Part 1: Greater London Authority: Mayor of London ("Mayor") final draft component budget

NOTE: Amendments to the final draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's Proposal	Budget amendment	Description
1	£692,473,000	£692,549,000	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
2	£2,800,000	£	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
3	£0	£	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
4	£78,740,571	£	estimate of reserves to meet a revenue account deficit of the Mayor under s85(4)(d) of the GLA Act reflecting the collection fund deficit for retained business rates
5	£774,013,571	£774,089,571	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Mayor (lines (1) + (2) + (3) + (4) above)
6	-£502,841,801	-£	estimate of the Mayor's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
7	-£4,600,000	-£	estimate of the Mayor's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
8	-£9,959,097	-£	estimate of the Mayor's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
9	-£71,350,087	-£73,042,799	estimate of the Mayor's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
10	-£32,388,803	-£	estimate of the Mayor's share of any net council tax collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
11	-£621,139,788	-£622,832,500	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (6) + (7) + (8) + (9) + (10))
12	-£92,040,571	-£	estimate of Mayor's reserves to be used in meeting amounts in line 5 above under s85(5)(b) of the GLA Act
13	-£713,180,359	-£714,873,071	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Mayor (lines (11) + (12) above)
14	£60,833,212	£59,216,500	the component council tax requirement for the Mayor (being the amount by which the aggregate at (5) above exceeds the aggregate at (13) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the Mayor for 2016-17 (line 14 col 3) is £59,216,500

Part 2: Greater London Authority: London Assembly ("Assembly") draft component budget

NOTE: Amendments to the final draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
15	£7,646,000	£6,465,000	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the GLA Act
16	£0	£	estimated allowance for contingencies for the Assembly under s85(4)(b) of the GLA Act
17	£0	£	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the GLA Act
18	£0	£	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the GLA Act
19	£7,646,000	£6,465,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Assembly (lines (15) + (16) + (17) + (18) above)
20	-£400,000	-£	estimate of the Assembly's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
21	£0	-£	estimate of the Assembly's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
22	-£2,531,000	-£	estimate of the Assembly's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
23	-£2,100,000	-£	estimate of the Assembly's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
24		-£	estimate of the Assembly's share of any net council tax collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
25	-£5,031,000	-£	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (line (20) + (21) + (22) + (23) + (24))
26	£0	-£	estimate of Assembly's reserves to be used in meeting amounts in lines 19 above under s85(5)(b) of the GLA Act
27	-£5,031,000	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Assembly (lines (25) + (26) above)
28	£2,615,000	£1,434,000	the component council tax requirement for the Assembly (being the amount by which the aggregate at (19) above exceeds the aggregate at (27) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the Assembly for 2016-17 (line 28 col 3) is £: 1,434,000

Part 3: Mayor's Office for Policing and Crime ("MOPAC") final draft component budget

NOTE: Amendments to the final draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
29	£3,263,470,000	£3,248,849,651	estimated expenditure of the MOPAC calculated in accordance with s85(4)(a) of the GLA Act
30	£0	£	estimated allowance for contingencies for the MOPAC under s85(4)(b) of the GLA Act
31	£0	£	estimated reserves to be raised for meeting future expenditure of the MOPAC under s85(4)(c) of the GLA Act
32	£0	£	estimate of reserves to meet a revenue account deficit of the MOPAC under s85(4)(d) of the GLA Act
33	£3,263,470,000	£3,248,849,651	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the MOPAC (lines (29) + (30) +(31) + (32) above)
34	-£257,712,857	-£	estimate of the MOPAC's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
35	-£385,100,000	-£	estimate of the MOPAC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
36	-£1,931,700,000	-£	estimate of the MOPAC's income in respect of general government grants (revenue support grant, core Home Office police grant and principal police formula grant) calculated in accordance with s85(5)(a) of the GLA Act
37	£0	-£	estimate of the MOPAC's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
38	£0	-£	estimate of MOPAC's share of any net council tax collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
39	-£2,574,512,857	-£	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (34) + (35) + (36) + (37) +(38))
40	-£122,300,000	-£	estimate of MOPAC's reserves to be used in meeting amounts in line 33 above under s85(5)(b) of the GLA Act
41	-£2,696,812,857	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the MOPAC (lines (39) + (40) above)
42	£566,657,143	£552,036,794	the component council tax requirement for MOPAC (being the amount by which the aggregate at (33) above exceeds the aggregate at (41) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the MOPAC for 2016-17 (line 42 col 3) is: £552,036,794

Part 4: London Fire and Emergency Planning Authority ("LFEPA") final draft component budget

NOTE: Amendments to the final draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's Proposal	Budget amendment	Description
43	£425,160,000	£	estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the GLA Act
44	£0	£	estimated allowance for contingencies for LFEPA under s85(4)(b) of the GLA Act
45	£2,800,000	£	estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the GLA Act
46	£0	£	estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the GLA Act
47	£427,960,000	£	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LFEPA (lines (43) + (44) + (45) + (46) above)
48	-£32,600,000	-£	estimate of LFEPA's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
49	-£12,800,000	-£	estimate of LFEPA's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
50	-£128,530,000	-£	estimate of LFEPA's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
51	-£115,659,936	-£	estimate of LFEPA's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
52	£0	-£	estimate of LFEPA's share of any net council tax collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
53	-£289,589,936	-£	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (48) + (49) + (50) + (51) + (52))
54	-£132,064	-£	estimate of LFEPA's reserves to be used in meeting amounts in line 47 above under s85(5)(b) of the GLA Act
55	-£289,722,000	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LFEPA (lines (53) + (54) above)
56	£138,238,000	£	the component council tax requirement for LFEPA (being the amount by which the aggregate at (47) above exceeds the aggregate at (55) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for LFEPA for 2016-17 (line 56 col 3) is: £138,238,000

Part 5: Transport for London ("TfL") final draft component budget

NOTE: Amendments to the final draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
57	£6,964,208,000	£6,970,114,326	estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the GLA Act
58	£0	£	estimated allowance for contingencies for TfL under s85(4)(b) of the GLA Act
59	£75,845,000	£	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the GLA Act
60	£0	£	estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the GLA Act
61	£7,040,053,000	£7,045,959,326	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the TfL (lines (57) + (58) + (59) + (60) above)
62	-£5,713,954,856	-£5,721,553,894	estimate of TfL's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
63	-£30,100,000	-£	estimate of TfL's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
64	-£435,700,000	-£	estimate of TfL's income in respect of general government grants (revenue support grant and the GLA Transport General Grant) calculated in accordance with s85(5)(a) of the GLA Act
65	-£854,298,144	-£852,605,432	estimate of TfL's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
66	£0	-£	estimate of TfL's share of any net council tax collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
67	-£7,034,053,000	-£7,039,959,326	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act for TfL (lines (62) + (63) + (64) + (65) + (66) above)
68	£0	-£	estimate of TfL's reserves to be used in meeting amounts in line 61 above under s85(5) (b) of the GLA Act
69	-£7,034,053,000	-£7,039,959,326	aggregate of the amounts for the items set out in section 85(5) of the GLA Act (lines (67) + (68))
70	£6,000,000	£	the component council tax requirement for TfL (being the amount by which the aggregate at (61) above exceeds the aggregate at (69) above calculated in accordance with section 85(6) of the GLA Act)

**The final draft component council tax requirement for TfL for 2016-17 (line 70 col 3) is:
£6,000,000**

Part 6: London Legacy Development Corporation ("LLDC") final draft component budget

NOTE: Amendments to the final draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
71	£40,050,000	£	estimated expenditure of LLDC for the year calculated in accordance with s85(4)(a) of the GLA Act
72	£750,000	£	estimated allowance for contingencies for LLDC under s85(4)(b) of the GLA Act
73	£0	£	estimated reserves to be raised for meeting future expenditure of LLDC under s85(4)(c) of the GLA Act
74	£0	£	estimate of reserves to meet a revenue account deficit of LLDC under s85(4)(d) of the GLA Act
75	£40,800,000	£	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LLDC (lines (71) + (72) + (73) + (74) above)
76	-£32,900,000	-£	estimate of LLDC's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
77	£0	-£	estimate of LLDC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
78	£0	-£	estimate of LLDC's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
79	£0	-£	estimate of LLDC's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
80	£0	-£	estimate of LLDC's share of any net council tax collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
81	-£32,900,000	-£	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (76) + (77) + (78) + (79) + (80))
82	-£7,900,000	-£	estimate of LLDC's reserves to be used in meeting amounts in line 75 above under s85(5)(b) of the GLA Act
83	-£40,800,000	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LLDC (lines (81) + (82) above)
84	£0	£	the component council tax requirement for LLDC (being the amount by which the aggregate at (75) above exceeds the aggregate at (83) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for LLDC for 2016-17 (line 84 col 3) is: £0

Part 7: Old Oak and Park Royal Development Corporation ("OPDC") final draft component budget

NOTE: Amendments to the final draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
85	£5,500,000	£	estimated expenditure of OPDC for the year calculated in accordance with s85(4)(a) of the GLA Act
86	£0	£	estimated allowance for contingencies for OPDC under s85(4)(b) of the GLA Act
87	£0	£	estimated reserves to be raised for meeting future expenditure of OPDC under s85(4)(c) of the GLA Act
88	£0	£	estimate of reserves to meet a revenue account deficit of OPDC under s85(4)(d) of the GLA Act
89	£5,500,000	£	aggregate of the amounts for the items set out in s85(4) of the GLA Act for OPDC (lines (85) + (86) + (87) + (88) above)
90	-£5,500,000	-£	estimate of OPDC's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
91	£0	-£	estimate of OPDC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
92	£0	-£	estimate of OPDC's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
93	£0	-£	estimate of OPDC's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
94	£0	-£	estimate of OPDC's share of any net council tax collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
95	-£5,500,000	-£	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (90) + (91) + (92) + (93) + (94))
96	-£0	-£	estimate of OPDC's reserves to be used in meeting amounts in line 89 above under s85(5)(b) of the GLA Act
97	-£5,500,000	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for OPDC (lines (95) + (96) above)
98	£0	£	the component council tax requirement for OPDC (being the amount by which the aggregate at (89) above exceeds the aggregate at (97) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for OPDC for 2016-17 (line 98 col 3) is: £0

Part 8: The Greater London Authority ("GLA") final draft consolidated council tax requirement calculations

NOTE: Amendments to the final draft consolidated council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
99	£774,343,355	£756,925,294	the GLA's consolidated council tax requirement (the sum of the amounts in lines (14) + (28) + (42) + (56) + (70) + (84) + (98) calculated in accordance with section 85(8) of the GLA Act)

The final draft consolidated council tax requirement for 2016-17 (line 99 col 3) is:
£756,925,294