

# Mayor’s Background Statement in support of his Final Draft Consolidated Budget for 2023-24

## PART 1

### Summary

This report presents the Mayor's Final Draft Budget proposals for the Greater London Authority (GLA) and its functional bodies for the next financial year.

## 1 Introduction

1.1 Part 1 of the Mayor’s Final Draft Consolidated Budget (“Final Draft Budget”/ “Budget”) sets out the Mayor’s final proposals in regard to allocations of council tax, business rates and government grants for 2023-24. It reflects the impact of the updated council tax and business rates forecasts received from the London billing authorities, as well as the impact of the final local government finance settlement. The effects of these changes on the Mayor’s budget proposals are outlined in the relevant sections below.

## 2 Final Draft Budget proposals

- 2.1 At its meeting on 26 January 2023, the Assembly passed one formal budget amendment to the Mayor's Draft 2023-24 Consolidated Budget.
- 2.2 The Mayor has given careful consideration to the Assembly's amendment to his Budget. However, he does not consider the arguments made to be convincing. A formal response to the amendment approved by the Assembly is attached in the statement at Annex B as required by the GLA Act.
- 2.3 In light of the additional flexibility he has from the latest information from billing authorities on their council tax and business rates forecasts and the impact of the final local government finance settlement (described in section 3 below), he is making a number of changes to his Budget (set out in section 4) which he trusts will gain the Assembly's support.
- 2.4 Following the London Assembly Plenary on 26 January 2023, this Final Draft Budget confirms the Mayor’s proposed increase in the Band D council tax, payable in the 32 London boroughs of 9.7 per cent from £395.59 to £434.14 in 2023-24. This means the police element of the precept will increase by £15 or 5.4 per cent, from £277.13 to £292.13, in line with the assumptions for English police forces set out in the Home Office settlement for policing. The precept for taxpayers in the Corporation of London area, which has its own police force, increases by £23.55 from £118.46 to £142.01.

### 3 Impact of updated council tax and business rates retention forecasts for 2023-24 and estimated deficits for 2022-23 provided by the 33 London billing authorities

#### Introduction

- 3.1 This section summarises the changes proposed to the Mayor’s earlier Draft Consolidated Budget (“Draft Budget”) considered by the Assembly on 26 January. It reflects the forecast additional revenues expected to be received in council tax and retained business rates following the final local government finance settlement and an analysis of the statutory estimates submitted by the London billing authorities since the publication of the Draft Budget. It should be recognised, however, that the allocations made in respect of business rates both in respect of the revised outturn position for 2022-23 and the 2023-24 forecast are based on estimates. They therefore are subject to some risk and uncertainty as the final outturn in each case may not be known until early 2024 and early 2025 respectively.

#### Additional funding now available to be applied compared to the Draft Budget

- 3.2 Set out below is a summary of the additional funding now available to the Mayor compared to the Draft Budget. This totals £187.8 million, which comprises £0.8 million of additional funding from the final local government finance settlement, and the remainder from the forecasts of business rates and council tax income provided by the 33 billing authorities.

<b>Additional funding available in Final Draft Budget.</b>	<b>2023-24 Recurring £m</b>	<b>2023-24 One-off £m</b>
<b>Council tax:</b>		
Actual increase in 2023-24 council tax base of 1.6% (vs 1% forecast previously assumed)	7.8	
Estimated council tax collection fund surplus for 2022-23 reported by billing authorities		17.6
<b>Additional income from council tax</b>	<b>7.8</b>	<b>17.6</b>
Increase in retained rates funding reflecting 2023-24 business rates forecasts provided by billing authorities (including previous years and 2022-23 estimated surplus)	3.7	153.5
GLA share of national Business Rates Levy Account surplus distributed by DLUHC		4.4
<b>Additional income from business rates</b>	<b>3.7</b>	<b>157.9</b>
Additional Services Grant allocated to GLA in final local government finance settlement		0.8
<b>Additional income from final local government finance settlement</b>		<b>0.8</b>
<b>Total additional income</b>	<b>11.5</b>	<b>176.3</b>
<b>Total additional income (Recurring + One-off)</b>	<b>187.8</b>	

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## Council tax

### *Change in council tax base*

- 3.3 The Draft Budget assumed that there would be a 1.00 per cent overall increase in the London-wide council tax base in 2023-24. This estimate reflected a modest expected growth in the tax base following the previous instability caused by the pandemic.
- 3.4 Billing authorities submitted their council tax bases for 2023-24 to the GLA at the end of January 2023. In aggregate these returns show a forecast overall average increase to the council tax base of 1.6 per cent in 2023-24, compared to the tax base used for the 2022-23 Budget. This overall average figure reflects a wide range of estimates with four of the billing authorities reporting an increase of more than 4 per cent, and around half reporting increases of over 2 per cent. Over one-third of the authorities reported a taxbase with less than the previously assumed 1 per cent growth with three actually reporting reductions year on year. The tax base figures from billing authorities reflect differing assumptions and circumstances in each billing authority for collection rates, levels of council tax support to be provided to low income households, and the local growth in the property base year on year. The GLA is required to use these billing authority taxbase estimates to determine the Group’s statutory council tax calculations and the budgeted council tax requirements for each constituent body.
- 3.5 The impact of this higher than anticipated council tax base for 2023-24 generates an increase in council tax income in 2023-24 for the Group of £7.8 million, compared to the previous estimate in the 2023-24 Draft Budget. Of this £5.2 million relates to the policing share of the precept and is automatically passported therefore to the MOPAC/MPS budget. TfL has been allocated £1 million of additional council tax resulting from its equivalent share of the taxbase increase, although an equivalent offsetting adjustment has been made to its business rates funding so no additional core funding has been provided overall to that functional body. The additional amount relating to the remaining functional bodies has been allocated entirely to LFC, by reapportioning the Band D charge between the GLA Mayor and LFC and adjusting the allocation of business rates provided to the GLA Assembly, whose overall funding allocation remains unchanged. The Mayor’s proposed allocation of the additional funding arising from final taxbase data in his Final Draft Budget including the sums for MOPAC are set out in section 4 below.

### *Council tax collection fund surplus*

- 3.6 Billing authorities also provided figures for the GLA’s share of the estimated surplus or deficit on their council tax collection fund for 2022-23 and prior years. In 2020-21 due to the impact of the pandemic there was a deficit of over £28 million, the repayment of which was able to be spread over the following three financial years. The Mayor had previously assumed no further surplus/deficit beyond the £9.4 million relating to the repayment of the 2020-21 deficit in his consultation and draft budget.
- 3.7 Owing to the higher than forecast taxbase and an improved collection position, in aggregate, the GLA’s share of the estimated net council tax collection fund surplus for 2022-23 – as reported by the 33 billing authorities and is payable to the GLA in 2023-24 – is £17.6 million.
- 3.8 The Mayor’s proposed allocation of the additional funding from council tax sources in his Final Draft Budget compared to the draft budget is set out in section 4 below.
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*Police precept*

- 3.9 The final police settlement for 2023-24 confirmed that the precept for local policing bodies in England could be increased by a maximum of £15 for police services before a referendum would be required. This maximum uplift had already been assumed and applied to MOPAC in the Draft Budget.

*Non-police precept*

- 3.10 The final local government finance settlement for 2023-24 confirmed the council tax confirmed the maximum increase in the core non-police precept to be 2.99 per cent plus a £20 increase at Band D to fund TfL’s transport services. This maximum uplift had already been assumed within the Draft Budget and applied in full to LFC and TfL respectively. The cash allocation to TfL has been adjusted in this Final Draft Budget to reflect the increased taxbase, offset by a reduction in business rates funding.

**Retained business rates**

- 3.11 Billing authorities reported their forecast business rates income for 2023-24 along with their estimated outturn for 2023-23 through their statutory NNDRI returns due at the end of January. In making these estimates they have had to make a number of assumptions relating to collection levels including provisions for bad debt, the impact of the government’s business rates relief support schemes including that for the retail, leisure and hospitality sectors, the impact of potential refunds for successful challenges by ratepayers to their property valuations and potential movements in the wider taxbase. It should be recognised, therefore, that their estimates are subject to an element of judgement with a potentially wide range of variation which has increased due to the extent to which reliefs will be applied to eligible business properties and the lack of clarity from government on the levy to be paid by the GLA.
- 3.12 This business rates income figures assumed in this Final Draft Budget have been prepared on the basis of the returns received from billing authorities. They also reflect the advice received from the GLA’s professional external advisors in respect of how these detailed and complex returns translate into the level of retained rates income which can be allocated for expenditure on services taking into account section 31 grants for reliefs and any levy and tariff payments payable to the government to support local services elsewhere in England. However, due to the risks and uncertainties highlighted above it remains prudent to maintain a provision through the Business Rates Reserve in case the final outturn position differs materially from these estimates.

*Business rates growth and compensation cap for the 2023-24 multiplier*

- 3.13 The Mayor’s Budget Guidance, issued in July 2022 made a provisional aggregate allocation of retained business rates income equivalent to a 2.5 per cent inflationary increase on the GLA’s Baseline Funding Level compared to the 2022-23 local government finance settlement. In the local government finance settlement for 2023-24 the government uprated the GLA’s core funding by 10.1 per cent in line with the September 2022 CPI rate. This comprised a 3.7 per cent uplift in funding baselines and a 6.4 per cent increase in multiplier cap compensation delivered via section 31 grant for the remaining c£1.1 billion of baseline funding excluding the TfL capital element. The former TfL capital element, however, has been frozen at the same level as in 2022-23.

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- 3.14 In the 2023-24 local government settlement the government has confirmed that the GLA’s local 67 per cent business rates retention scheme would continue for a further year. The GLA will therefore – as in 2022-23 – retain 37 per cent of business rates growth, net of its tariff payment and any levy on growth if applicable. The thirty-three London billing authorities will also continue to retain their current 30 per cent of eligible growth.
- 3.15 Based on the GLA’s provisional analysis of the NNDR1 returns provided by billing authorities, it is anticipated that a further £157.2 million of additional business rates will be available to the GLA Group for expenditure on services in 2023-24. More than half of this sum (£83.2 million) is in respect of the net estimated collection fund surplus for 2022-23 – after adjusting for the impact of government funded reliefs – which includes prior year adjustments covering the period of the pandemic (i.e. 2020-21 and 2021-22). This prior year surplus being released is almost entirely driven by central London boroughs including Camden, the of City of London and Westminster reporting an improved position. An initial analysis suggests this is driven by the decision of those billing authorities when preparing their business rates estimates last month to release previous bad debt and appeals provisions raised during the period of the pandemic reflecting, in part, an updated assessment that their ratepayers overall are now in a better position to meet their outstanding liabilities. This trend is less evident in outer London where a number of boroughs are reporting deficits. This effect also then feeds into the additional in-year resource available for 2023-24. These trends could not have been readily predicted when the draft budget was considered by the Assembly in January because these returns were – in most cases – only finalised and submitted to the government and the GLA on or shortly after 31 January.
- 3.16 It has prudently been assumed that only £3.7 million of the additional in year income for 2023-24 should be treated as ongoing, and the £153.5 million (including the prior year surplus element) is treated as one off for 2023-24 at this stage. The Executive Director, Resources has also determined that it would be prudent and necessary to set aside an additional proportion of the 2023-24 growth to avoid a potential and significant short term call on the GLA’s reserves at the end of the 2023-24 financial year. This arises due to potential timing and accounting issues arising from the design of the government’s relief scheme for the retail, leisure and hospitality sectors and the fact that there remains some uncertainty about the precise methodology which the government intends to use to determine the GLA’s levy on business rates growth (and any safety net were that situation to arise) which is unique due to the structure of the GLA’s 67 per cent pilot. If billing authorities’ current reliefs forecasts are materially incorrect this scenario in respect of business rates reliefs could also arise in relation to the 2022-23 outturn. The rationale for this contingency is explained in more detail in part 2. All of the growth will be subject to the business rates reset which may happen in 2026-27 – and potentially 2025-26 – so it would not be prudent to allocate this on a long term basis in any case. The Mayor’s budget guidance for 2024-25 published in the summer will provide an update on these matters taking into account the provisional 2022-23 outturn and further clarity provided as to the government’s intentions around the GLA’s actual levy calculation.
- 3.17 The Mayor’s proposed allocation of this additional business rates funding, set out above, in his Final Draft Budget is set out in section 4.
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**Final Local Government Finance Settlement**

- 3.18 The final local government finance settlement published on 6 February detailed the distribution of the Business Rates Levy Account surplus for 2022-23. Of the total £100 million surplus, £4.4 million has been distributed to the GLA, which is an additional one-off sum which has been allocated in the 2023-24 budget.
- 3.19 The final local government finance settlement, published on 6 February 2023, included an additional £0.8 million in Services Grant allocation for the GLA, in addition to the £20.5 million already included in the provisional settlement. This has been allocated to the GLA Mayor budget as set out in section 4. The entire Services Grant allocation of £21.3 million has been treated as a one-off resource for 2023-24 only. No other additional resources were provided beyond this in the final settlement.
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## 4 Budget proposals

### Proposed allocation of additional council tax and business rates income and grant income to GLA and functional bodies in 2023-24 compared to the Draft Budget

	£m
<b>GLA: Mayor</b>	
Helping families	130.0
New Year’s Eve event *	1.3
<b>Total GLA: Mayor</b>	<b>131.3</b>
<b>MOPAC (including MPS and VRU)</b>	
Raising standards within the MPS	3.3
Provision for additional 1% pay award in MOPAC and VRU *	0.2
Project Adder – Tackling County Lines *	2.0
MPS County Lines training *	0.3
VRU Innovation Fund	1.5
VRU IRIS VAWG workers	1.5
Victims’ support – recurring *	3.0
Victims’ support – one-off	2.0
<b>Total MOPAC/Met Police</b>	<b>13.8</b>
<b>LFC</b>	
Provision for additional pay for FRS staff *	1.5
<b>GLA Group</b>	
Environmental Improvement Reserve uplift	38.2
Business Rates Reserve Uplift	3.0
<b>Total GLA Group</b>	<b>41.2</b>
<b>TOTAL ALLOCATED</b>	<b>187.8</b>

\* Indicates allocations which are considered to be recurring

### GLA: Mayor of London

4.1 The Mayor proposes to allocate a further £169.5 million to the GLA: Mayor budget from the additional resources available in the Final Draft Budget for 2023-24. This is summarised below.

#### *Recurring items*

- £1.25 million has been allocated from recurring business rates income to fund additional safety and security costs of the annual event to mark the New Year, based on emerging learnings from the review of the 2022-23 event.

*Non-recurring items*

- £130 million has been allocated from the one-off business rates (£111.6 million), council tax (£17.6m) and Services Grant (£0.8m) for 2023-24 only to provide services to help families. The profile of this expenditure will be determined in due course. Further details will be provided to the Assembly ahead of the budget plenary meeting.

**Mayor’s Office for Policing and Crime (MOPAC)**

- 4.2 The Mayor proposes to allocate funding of £13.8 million to MOPAC from the additional resources available in the Final Draft Budget for 2023-24. This is summarised below:

*Recurring items*

- £5.2 million has been allocated on an ongoing basis as a result of MOPAC’s proportionate share of the increased council tax base. This has been allocated to expanding victims’ support services (£3 million), Project ADDER (£2 million) and provision for an additional 1 per cent pay award for MOPAC and VRU staff (matching the provision made for GLA, LLDC and OPDC staff in the Draft Budget).
- £3.3 million has been allocated from the ongoing business rates income to raise standards within the MPS, this is in addition to £11.7 million already provided in the Draft Budget. A further £0.25 million has been allocated from the same funding source to provide increased training to support MPS officers to identify young people exploited by county lines gangs.

*Non-recurring items*

- £3 million has been allocated to the VRU, in order to support the VRU Innovation Fund (£1.5 million) and provide additional VAWG workers (£1.5 million) from one-off additional business rates funding.
- A further £2 million has been allocated from the one-off additional business rates income which has been allocated to further improve victims’ support services.

**Transport for London (TfL)**

- 4.3 The Mayor does not propose to allocate any further net additional resources to the TfL component budget, although as a result of the 0.6 per cent additional increase in the council tax base, it will receive £1 million additional council tax resulting from the £20 Band D charge on these additional properties. This has been offset by reducing the previously allocated business rates funding by the same amount.

**London Fire Commissioner (LFC)**

- 4.4 The Mayor proposes to allocate a further £1.5 million to the LFC component budget to increase the pay award provision for non-operational staff, funded from the remaining share of the ongoing additional council tax base uplift.

### **Group reserves**

- 4.5 A further £38.2 million has been added to the Environmental Improvement Reserve from one off business rates receipts. An additional £3 million will be added to the Business Rates Reserve, £2.7 million of which will ensure the target balance continues to equate to 5 per cent of the GLA’s settlement funding baseline reflecting the year or year uplift provided through the 2023-24 local government finance settlement. The remaining £0.3 million has been added to fund billing authority business rates and council tax income maximisation projects.

### **The impact on local taxpayers and council tax referendum issues**

- 4.6 Details of the provisions for the holding of a council tax referendum are set out in Part 3 of the Final Draft Budget documents. The council tax referendum principles for 2023-24 were published by the government on 6 February 2023 in ‘The Referendums Relating to Council Tax Increases (Principles) (England) Report 2023/24’ and were approved by the House of Commons on 8 February 2023. This states that an increase of more than £23.55 in the Band D unadjusted basic amount (i.e. the non-police precept payable by taxpayers in the City of London) and/or an increase of more than £38.55 in the adjusted precept including the £15 element for policing (payable by taxpayers elsewhere in Greater London) would be deemed “excessive” and would therefore require a referendum of London’s council tax payers to be held.

### **Determination regarding compliance with Council Tax Increase Principles**

- 4.7 The Mayor has prepared this Final Draft Budget for 2023-24 on the basis of the government’s published and approved council tax referendum principles for that financial year, for consideration by the Assembly. The Mayor is required to determine whether the relevant adjusted and unadjusted basic amounts of council tax involved in his budget proposals are compliant with the approved principles. Accordingly, the Mayor makes a formal determination that his Final Draft Budget is compliant with them and that no referendum would be required to be held if this Budget is approved without amendment. Further detail is provided in Part 3 of this Report.

### **Recommendations concerning the final draft consolidated council tax requirement**

- 4.8 The Mayor is required to determine consolidated and component council tax requirements for 2023-24 and it is these that the Assembly has the power to amend. The individual Mayor, Assembly and functional body council tax requirements are aggregated to form the consolidated council tax requirement for the GLA Group. This requirement forms the GLA Group precept which is part of the council tax bill for households across Greater London collected by the 33 billing authorities (the 32 London boroughs and City of London Corporation).
- 4.9 In considering the Mayor’s Budget proposals and any amendments they wish to make at this stage, Assembly Members must also consider the need to secure a financially balanced budget and achieve a balance between the statutory and discretionary responsibilities for the provision of services and the burden upon those required to finance the net cost.

- 4.10 In commending the budget proposals to the Assembly, the Mayor believes that Londoners recognise that his plans to increase the police and non-police precepts to the maximum possible amounts, without triggering a referendum, is necessary to provide additional resources to support frontline policing, transport and fire and rescue services, given that effectively the government’s policies give him little choice but to agree these increases.
- 4.11 The Mayor is satisfied that he has weighed respective interests fairly and that his increase in the council tax will help the front-line service delivery of his statutory and discretionary responsibilities. The Mayor believes that the proposals will make a significant contribution to improving Londoners' quality of life and supporting London's economy.
- 4.12 On the basis of the information set out in this statement and accompanying documents, it is recommended that the Assembly approves, without amendment, the Mayor's Final Draft Consolidated Budget and the consolidated council tax requirement for the GLA and the functional bodies (GLA Group) of **£1,353,083,364.46** as contained in Annex A.
- 4.13 The Mayor’s final draft consolidated council tax requirement is made up as follows:

<b>Constituent body</b>	<b>Component council tax requirement</b>
Mayor of London	£67,355,820.21
London Assembly	£2,716,715.97
Mayor’s Office for Policing and Crime	£909,634,128.16
London Fire Commissioner	£195,103,924.26
Transport for London	£178,272,775.86
London Legacy Development Corporation	£0.00
Old Oak and Park Royal Development Corporation	£0.00
<b>Total Consolidated Council Tax Requirement</b>	<b>£1,353,083,364.46</b>

## Annex A

### Final draft consolidated component and consolidated council tax requirements 2023-24

#### Greater London Authority: Mayor of London (“Mayor”) final draft component budget

Line	Sum	Description
1	£2,123,898,454.32	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
2	£1,000,000.00	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
3	£0.00	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
4	£0.00	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	<b>£2,124,898,454.32</b>	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	-£223,400,000.00	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	-£459,943,500.00	estimate of the Mayor’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
8	-£16,700,000.00	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	-£1,048,347,124.77	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	-£17,017,516.06	estimate of the Mayor’s share of any net collection fund surplus for the 33 London billing authorities for council tax calculated in accordance with s85(5)(a) of the GLA Act
11	<b>-£1,765,408,140.83</b>	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	-£292,134,493.27	estimate of Mayor’s reserves to be used in meeting amounts in line 5 above under s85(5)(b) of the GLA Act
13	<b>-£2,057,542,634.11</b>	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	<b>£67,355,820.21</b>	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 2023-24 is £67,355,820.21**

### Greater London Authority: London Assembly (“Assembly”) final draft component budget

Line	Sum	Description
15	£8,474,416.41	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the GLA Act
16	£0.00	estimated allowance for contingencies for the Assembly under s85(4)(b) of the GLA Act
17	£0.00	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the GLA Act
18	£24,583.59	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the GLA Act
19	<b>£8,499,000.00</b>	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	£0.00	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	£0.00	estimate of the Assembly’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
22	£0.00	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	-£5,571,284.02	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	£0.00	estimate of the Assembly’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
25	<b>-£5,571,284.02</b>	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	-£211,000.00	estimate of Assembly’s reserves to be used in meeting amounts in lines 19 above under s85(5)(b) of the GLA Act
27	<b>-£5,782,284.03</b>	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	<b>£2,716,715.97</b>	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 2023-24 is £2,716,715.97**

**Mayor’s Office for Policing and Crime (“MOPAC”) final draft component budget**

<b>Line</b>	<b>Sum</b>	<b>Description</b>
29	£4,533,133,001.16	estimated expenditure of the MOPAC calculated in accordance with s85(4)(a) of the GLA Act
30	£0.00	estimated allowance for contingencies for the MOPAC under s85(4)(b) of the GLA Act
31	£0.00	estimated reserves to be raised for meeting future expenditure of the MOPAC under s85(4)(c) of the GLA Act
32	£7,207,280.88	estimate of reserves to meet a revenue account deficit of the MOPAC under s85(4)(d) of the GLA Act
33	<b>£4,540,340,282.04</b>	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	-£329,400,000.00	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	-£728,535,594.46	estimate of the MOPAC’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
36	-£2,284,378,148.28	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	-£94,792,411.14	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	£0.00	estimate of MOPAC’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
39	<b>-£3,437,106,153.88</b>	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	-£193,600,000.00	estimate of MOPAC’s reserves to be used in meeting amounts in line 33 above under s85(5)(b) of the GLA Act
41	<b>-£3,630,706,153.88</b>	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	<b>£909,634,128.16</b>	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 2023-24 is £909,634,128.16**

**London Fire Commissioner (“LFC”) final draft component budget**

<b>Line</b>	<b>Sum</b>	<b>Description</b>
43	£534,479,680.75	estimated expenditure of LFC for the year calculated in accordance with s85(4)(a) of the GLA Act
44	£0.00	estimated allowance for contingencies for LFC under s85(4)(b) of the GLA Act
45	£0.00	estimated reserves to be raised for meeting future expenditure of LFC under s85(4)(c) of the GLA Act
46	£1,580,210.55	estimate of reserves to meet a revenue account deficit of LFC under s85(4)(d) of the GLA Act
47	<b>£536,059,891.30</b>	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LFC (lines (43) + (44) + (45) + (46) above)
48	-£48,080,000.00	estimate of LFC’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	-£33,900,000.00	estimate of LFC’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
50	£0.00	estimate of LFC’s income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
51	-£252,275,967.04	estimate of LFC’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	£0.00	estimate of LFC’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
53	<b>-£334,255,967.04</b>	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	-£6,700,000.00	estimate of LFC’s reserves to be used in meeting amounts in line 47 above under s85(5)(b) of the GLA Act
55	<b>-£340,955,967.04</b>	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LFC (lines (53) + (54) above)
56	<b>£195,103,924.26</b>	the component council tax requirement for LFC (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 LFC for 2023-24 is £195,103,924.26**

**Transport for London (“TfL”) final draft component budget**

<b>Line</b>	<b>Sum</b>	<b>Description</b>
57	£8,947,756,007.09	estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the GLA Act
58	£0.00	estimated allowance for contingencies for TfL under s85(4)(b) of the GLA Act
59	£0.00	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the GLA Act
60	£56,313.58	estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the GLA Act
61	<b>£8,947,812,320.67</b>	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	-£6,907,437,000.00	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	-£8,000,000.00	estimate of TfL’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
64	-£4,600,000.00	estimate of TfL’s income in respect of general government grants (revenue support grant and GLA Transport General Grant) calculated in accordance with s85(5)(a) of the GLA Act
65	-£1,913,602,544.81	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	£0.00	estimate of TfL’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
67	<b>-£8,833,639,544.81</b>	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	£64,100,000.00	estimate of TfL’s reserves to be used in meeting amounts in line 61 above under s85(5) (b) of the GLA Act
69	<b>-£8,769,539,544.81</b>	aggregate of the amounts for the items set out in section 85(5) of the GLA Act (lines (67) + (68))
70	<b>£178,272,775.86</b>	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 2023-24 is £178,272,775.86**

**London Legacy Development Corporation (“LLDC”) final draft component budget**

<b>Line</b>	<b>Sum</b>	<b>Description</b>
71	£72,557,000.00	estimated expenditure of LLDC for the year calculated in accordance with s85(4)(a) of the GLA Act
72	£0.00	estimated allowance for contingencies for LLDC under s85(4)(b) of the GLA Act
73	£0.00	estimated reserves to be raised for meeting future expenditure of LLDC under s85(4)(c) of the GLA Act
74	£0.00	estimate of reserves to meet a revenue account deficit of LLDC under s85(4)(d) of the GLA Act
75	<b>£72,557,000.00</b>	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	-£18,400,000.00	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	£0.00	estimate of LLDC’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
78	£0.00	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	-£29,657,004.00	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	£0.00	estimate of LLDC’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
81	<b>-£48,057,004.00</b>	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	-£24,499,996.00	estimate of LLDC’s reserves to be used in meeting amounts in line 75 above under s85(5)(b) of the GLA Act
83	<b>-£72,557,000.00</b>	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LLDC (lines (81) + (82) above)
84	<b>£0.00</b>	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 the LLDC for 2023-24 is £0 (£NIL)**

### Old Oak and Park Royal Development Corporation (“OPDC”) final draft component budget

Line	Sum	Description
85	£11,300,000.00	estimated expenditure of OPDC for the year calculated in accordance with s85(4)(a) of the GLA Act
86	£0.00	estimated allowance for contingencies for OPDC under s85(4)(b) of the GLA Act
87	£0.00	estimated reserves to be raised for meeting future expenditure of OPDC under s85(4)(c) of the GLA Act
88	£0.00	estimate of reserves to meet a revenue account deficit of OPDC under s85(4)(d) of the GLA Act
89	<b>£11,300,000.00</b>	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	-£500,000.00	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	£0.00	estimate of OPDC’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
92	£0.00	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	-£7,000,000.00	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	£0.00	estimate of OPDC’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
95	<b>-£7,500,000.00</b>	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	-£3,800,000.00	estimate of OPDC’s reserves to be used in meeting amounts in line 89 above under s85(5)(b) of the GLA Act
97	<b>-£11,300,000.00</b>	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for OPDC (lines (95) + (96) above)
98	<b>£0.00</b>	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 the OPDC for 2022-23 is £0 (£NIL)**

**Greater London Authority (“GLA”) final draft consolidated council tax requirement calculation incorporating the component council tax requirements for the Greater London Authority (Mayor), Greater London Authority (Assembly), the Mayor’s Office for Policing and Crime (MOPAC), 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).**

<b>Line</b>	<b>Sum</b>	<b>Description</b>
99	<b>£1,353,083,364.46</b>	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 the GLA for 2023-24 is £1,353,083,364.46**

## Aggregate GLA Group budget for 2023-24

### Estimated Expenditure

£	GLA Mayor	GLA Assembly	MOPAC	LFC	TfL	LLDC	OPDC	Total
Estimated expenditure	£2,123,898,454	£8,474,416	£4,533,133,001	£534,479,681	£8,947,756,007	£72,557,000	£11,300,000	£16,231,598,560
Estimated allowance for contingencies	£1,000,000	£0	£0	£0	£0	£0	£0	£1,000,000
Estimated reserves to be raised for meeting future expenditure	£0	£0	£0	£0	£0	£0	£0	£0
Estimate of reserves to meet a revenue account deficit including forecast collection fund deficit for retained business rates	£0	£24,584	£7,207,281	£1,580,211	£56,314	£0	£0	£8,868,389
<b>Estimated total expenditure</b>	<b>£2,124,898,454</b>	<b>£8,499,000</b>	<b>£4,540,340,282</b>	<b>£536,059,891</b>	<b>£8,947,812,321</b>	<b>£72,557,000</b>	<b>£11,300,000</b>	<b>£16,241,466,949</b>

**Estimated Income and Calculation of Council Tax Requirement**

£	GLA Mayor	GLA Assembly	MOPAC	LFC	TfL	LLDC	OPDC	Total
Estimate of non-government grant income	-£223,400,000	£0	-£329,400,000	-£48,080,000	-£6,907,437,000	-£18,400,000	-£500,000	-£7,527,217,000
Estimate of specific government grant income	-£459,943,500	£0	-£728,535,594	-£33,900,000	-£8,000,000	£0	£0	-£1,230,379,094
Estimate of general government grant income	-£16,700,000	£0	-£2,284,378,148	£0	-£4,600,000	£0	£0	-£2,305,678,148
Estimate of Retained Business Rates income	-£1,048,347,125	-£5,571,284	-£94,792,411	-£252,275,967	-£1,913,602,545	-£29,657,004	-£7,000,000	-£3,351,246,336
Collection fund surplus for council tax	-£17,017,516	£0	£0	£0	£0	£0	£0	-£17,017,516
<b>Estimated total income before use of reserves</b>	<b>-£1,765,408,141</b>	<b>-£5,571,284</b>	<b>-£3,437,106,154</b>	<b>-£334,255,967</b>	<b>-£8,833,639,545</b>	<b>-£48,057,004</b>	<b>-£7,500,000</b>	<b>-£14,431,538,094</b>
Estimate of reserves to be used	-£292,134,493	-£211,000	-£193,600,000	-£6,700,000	£64,100,000	-£24,499,996	-£3,800,000	-£456,845,489
<b>Estimated total income after use of reserves</b>	<b>-£2,057,542,634</b>	<b>-£5,782,284</b>	<b>-£3,630,706,154</b>	<b>-£340,955,967</b>	<b>-£8,769,539,545</b>	<b>-£72,557,000</b>	<b>-£11,300,000</b>	<b>-£14,888,383,584</b>
<b>Council tax requirement</b>	<b>£67,355,820.21</b>	<b>£2,716,715.97</b>	<b>£909,634,128.16</b>	<b>£195,103,924.26</b>	<b>£178,272,775.86</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£1,353,083,364.46</b>
<b>COUNCIL TAXBASE</b>	<b>3,122,662.04</b>	<b>3,122,662.04</b>	<b>3,113,799.09</b>	<b>3,122,662.04</b>	<b>3,122,662.04</b>	<b>3,122,662.04</b>	<b>3,122,662.04</b>	
<b>BAND D COUNCIL TAX</b>	<b>£21.57</b>	<b>£0.87</b>	<b>£292.13</b>	<b>£62.48</b>	<b>£57.09</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£434.14</b>

## Annex B

### **Mayor of London’s written statement of his reasons for preparing a Final Draft Consolidated Budget which is not the same as the Draft Consolidated Budget as amended by the London Assembly as required by paragraph 6 (5) of Schedule 6 of the Greater London Authority Act 1999.**

#### **1 Expansion of the scrappage scheme and expanded bus services in Outer London**

1.1 The amendment utilised £100 million from the Transport Funding Reserve to increase the scrappage scheme in respect of the ULEZ expansion. It also proposed to allocate £25 million from the Environmental Improvement Reserve to expand bus services in Outer London areas covered by the expanded ULEZ.

1.2 The Mayor has not accepted the Assembly’s proposed changes to the Draft Consolidated Budget. The reasons are set out below.

Add £100m to the GLA: Mayor constituent body to be granted to Transport for London (TfL) in order to expand the scrappage scheme

1.3 Around 4,000 Londoners die prematurely every year due to toxic air, and the Mayor’s air quality and transport policies, in particular the ULEZ and LEZ schemes, are having a transformative impact, cutting the number of older, more polluting vehicles seen driving in London and reducing the levels of harmful air pollution.

1.4 Notwithstanding wider economic uncertainty, since the Assembly’s consideration of this amendment on 26 January 2023, TfL launched the £110 million scrappage scheme to support Londoners on lower incomes, disabled Londoners, charities, sole traders and business with 10 or fewer employees to scrap or retrofit their old, polluting vehicles. This is the largest fund provided to date for scrappage and builds on the Mayor’s previous £61m scrappage scheme, which helped scrap more than 15,200 older, more polluting vehicles.

1.5 Building on the previous scheme and having listened to stakeholder feedback, the new scrappage scheme also offers a mobility credit option, with a lower grant payment plus one or two adult-rate Annual Bus & Tram passes available for those scrapping either a car or a motorcycle. The total value of this option is higher than the grant payment-only options.

1.6 It is too early to assess the actual uptake of this scheme, as it launched less than a month ago, on 30 January 2023. This will be kept under review.

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- 1.7 The Transport Funding Reserve is an important contingency, given the financial risks facing Transport for London, with the government removing its support for fares income at the end of 2023-24, and the high inflationary environment in the UK. These risks mean it is necessary for the Mayor to maintain a reserve in case additional financial support is required during 2023-24 or in setting the 2024-25 budget. Decisions on the application of the residual unallocated balance held in this reserve will be taken by the Mayor in due course based upon the financial risks facing TfL at the time.
- 1.8 The Mayor will continue to call on government to provide a targeted national scrappage scheme that would help people across the country do the right thing and scrap their older, more polluting vehicles. A national scrappage scheme would not only help with the Mayor’s objective of cleaning up the air in London and across the country, but also help address the climate emergency that is becoming increasingly stark. The Mayor is providing a scheme that should be funded at a national level, especially when approximately £500 million of the vehicle excise duty paid by Londoners is allocated by government outside London. The government is not offering the same financial support to London for scrappage as they have offered to six other cities to date, with more planned. They should do so. These cities include Birmingham (£38 million), Bristol (£42 million) and Bradford (£30 million) to support their Clean Air Zones (CAZs), which have been recently launched in the UK.

Addition of £25m to TfL to expand bus services in Outer London areas newly covered by the expanded ULEZ, including demand-responsive services

- 1.9 As set out in the Draft Consolidated Budget, the Mayor provided TfL with additional Business Rates funding totalling £39 million to provide an ongoing funding source for the retention of inner London bus routes and to allow for a further annual one million kilometres of additional bus journeys, on top of the additional one million kilometres already announced for outer London. Enhancements to the bus network in outer London will be delivered continuously over 2023 and 2024 to realise this.
- 1.10 Bus operators compete for contracts to provide specified services on behalf of TfL for up to seven years, and this well-established tendering and contracting arrangement ensures value for money is delivered. The use of a one-off lump sum from the Environment Improvement Reserve would be of limited benefit. The lack of certainty around the availability of funding beyond the £25m would prevent TfL from delivering value from a contract, with necessary costs including – inter alia – to tender, consult, procure vehicles, fit out vehicles to specification, and install necessary supporting infrastructure would materially reduce the amount available for provision of the service itself and therefore likely represent extremely poor value for money. It would be a process that, in practice, would extend over the course of 2023-24.
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- 1.11 TfL will be implementing a programme of targeted enhancements this year, for example with extensions and re-routings to Dormers Wells (route 95), Battersea Power station (211), Olympic Park (339), Wandsworth Riverside (485) and Springfield hospital (315). Buses are planned to serve large developments once necessary infrastructure is in place at places such as Sutton, Southall (Green Quarter), Barnet (Brent Cross), Ealing (Alperton), Harrow (Eastman village) and Haringey (Heartlands). These changes are still under development and subject to consultation, at which point more details would be published about specific route changes.
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