

Greater London Authority

**Statement of
Accounts 2022-23**

DRAFT

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Narrative Report

The GLA's accounts provides a wealth of detail on the Authority's financial position. They are a critical part of our stewardship of large sums of public money. However, as they have to be prepared in a prescribed format the pages that follow, at times, do not read easily. This narrative draws out the key issues from these accounts in an attempt to make them clearer and more understandable to all interested parties.

Structure

This narrative sets out the:

- Core accounting statements
- GLA's context
- Performance against the Mayor's vision
- Financial performance in 2022-23
- GLA's Balance Sheet at 31 March 2023, and
- Main financial issues and risks facing the Authority.

Core Accounting Statements

The **core accounting statements** covering the Authority and the Group are the:

- **Comprehensive Income and Expenditure Statement:** this records the income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- **Movement in Reserves Statement:** this is a summary of the changes to reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements, and 'unusable' which must be set aside for specific accounting purposes rather than for investment or spending purposes.

- **Balance Sheet:** This is a ‘snapshot’ of the assets, liabilities, cash balances and reserves at the year-end date; and
- **Cash Flow Statement:** This shows the reason for changes in the cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities)

Context

The GLA is the strategic authority for London and sits between the national Government and the London boroughs. It consists of:

- the Mayor of London, who is to be responsible for making London a better place for all those who visit, live or work in the city; and
- the London Assembly, which holds the Mayor to account.

The Mayor has five priorities to make London an even better city. They are to:

- keep Londoners safe
- get London’s economy back on its feet
- ensure opportunities for young people
- deliver a green new deal; and
- build more affordable homes

The Mayor delivers this vision for London principally through the activities of:

- the GLA itself and its wide network of partnerships, including the London Partnership Board which the Mayor co-chairs with London Councils. Although much of the GLA’s work is strategic – setting frameworks for London’s boroughs and others to work within in areas like the environment, urban planning and economic development – the GLA now has significant delivery budgets for affordable homes and adult education
- London Fire Brigade, which provides the city’s fire and rescue service, under the oversight of the London Fire Commissioner
- two Mayoral Development Corporations (MDCs) – London Legacy Development Corporation (LLDC) and Old Oak and Park Royal Development Corporation (OPDC) - responsible for regeneration centred on the Queen Elizabeth Olympic Park and the Old Oak and Park Royal area

- the Metropolitan Police Service, which provides the capital's police service, under the oversight of the Mayor's Office for Policing and Crime; and
- Transport for London, which provides London's transport service.

The Mayor is responsible for setting an annual Budget of some £20 billion for these bodies. However, these accounts are limited to the GLA itself, GLA subsidiaries and the two MDCs which are treated as part of the GLA's Group Accounts.

The accounts also include any funds transfers in respect of council tax and retained business rates and as reflected in the Fund Account, certain grants the GLA passports to functional bodies including the Home Office police grant.

Performance against the Mayor's vision

The Mayor's objectives for the year were to continue to support London's further success, entrepreneurial spirit, thriving economy, extraordinary diversity and creativity, tolerance and openness to the world. The [Mayor's Annual Report](#), published in June 2023 gives information on performance and achievements across the full range of Mayoral priorities. It is available here:

Financial Performance 2022/23

The GLA's Revised Net Revenue Budget, excluding financing costs and certain items funded from specific government grants such as Adult Education, for 2022/23 was £203.7m. There was an underspend against this budget of £65m or 31.9%. The primary driver of this is the strong performance against budget of investment income. The remaining variance is driven by a range of issues, however there are consistent themes around market capacity limiting our ability to deploy programme spend.

A summary of the main reasons for this variance is set out below:

Service	Brief description of main reasons for (underspends)/overspends	£m
Chief Officer	Reduced costs in relation to elections	(1.3)
Communities & Skills	Delays in project delivery	(10)
Good Growth	Project slippage across a number of programmes	(3.5)
Housing & Land	Lower than expected income offset by programme slippage	1.2
Strategy & Communications	Additional in year funding receipts	(1.0)
Corporate	Favourable investment performance	(51.0)
Items below £0.5m	Other	0.7
		(64.9)

GLA's Balance Sheet at 31 March 2023

Set out below is a summary of the GLA's Balance Sheet at 31 March 2023, comparing the position to a year ago.

As at 31 March:	2023	2022
	£m	£m
Assets	5,186	6,379
Liabilities	(7,042)	(7,426)
Net Liabilities	(1,856)	(1,046)

The increase in net liabilities of £810m is largely due to the reduction in cash and cash equivalents held as a result of a significant increase in capital grants paid in 2022-23 to fund affordable housing provision in London.

Set out below is a summary of the GLA's usable and unusable reserves at 31 March 2023, comparing the position to a year ago.

As at 31 March:	2023	2022
	£m	£m
Usable Reserves	(2,550)	(4,480)
Unusable Reserves	4,406	5,526

Usable reserves have decreased by £1.9bn and is mainly driven by reductions in the capital grant unapplied reserve to fund capital grant payments in year and the repayment of collection fund deficits to billing authorities from business rates – primarily arising from reliefs granted to ratepayers during the Covid-19 pandemic – set aside in the Business Rates reserve in previous years.

Unusable reserves are set aside for specific accounting purposes and cannot be used for investment or spending purposes. The balance relates largely to capital grants paid to TfL in 2022-23 and prior years for the Northern Line extension (NLE) to Nine Elms and Battersea Power Station (NLE) and Crossrail (the Elizabeth line) which are financed from external borrowing but where TfL, rather than the GLA, holds these assets. These unusable reserves will be written down over time as the GLA's Crossrail and NLE borrowing is repaid over the next two decades.

Borrowing

Set out below is a summary of the GLA's net increase in overall level of debt

As at 31 March	2023	2022
	£m	£m
Overall level of debt	5,550	5,601

There has been a marginal reduction in overall borrowing of £51m. The borrowing undertaken is within CIPFA's Prudential Code and financed by discrete income streams i.e. the Crossrail business rate supplement and the Mayor's Community Infrastructure Levy (MCIL) in respect of Crossrail and business rates growth and developer contributions, collected by the London Boroughs of Lambeth and Wandsworth in the Nine Elms and Battersea Power station statutory designated area, in relation to the NLE.

Pensions

The GLA's pensions arrangements are set out in detail in Note 21 in these statements. These statements show that when valued in accordance with the accounting standard IAS 19 Employee Benefits, the GLA now holds a pensions asset (a surplus of plan assets over its liabilities) of £27 million at 31 March 2023, this is a reduction of £235m from the £208m liability position at 31 March 2022. This significant change is largely due to a 2.2% increase in the discount rate used to value pensions liabilities. Also, based on the

triennial Actuarial Valuation at 31 March 2022, the Authority's employer's contribution rate for the period 2023-24 to 2025-26 has been reduced from 12% to 9.5%.

Business Rates

In respect of the 2022-23 financial year, the GLA received around £2.75 billion in business rates income from London billing authorities (i.e. 37 per cent of the total receipts estimated for the year across London). It also received £0.54 billion in related section 31 grants for the lost revenue arising from certain business rates reliefs and the freezing or capping of the NNDR multiplier in 2022-23 and prior years. From this combined sum £748.3m was paid to the government as a tariff and after providing for the expected levy payment on growth – which is ultimately payable based on the outturn position – this left around £2.5 billion of estimated retained business rates income that could be allocated to spend on services in the Mayor's 2022-23 budget.

As well as again freezing the business rates multiplier, as part of a package of business rates support measures in 2022-23, the government also introduced a 50 per cent relief scheme for the retail, leisure and hospitality (RLH) sectors. This relief is capped at a maximum sum of £110,000 per business entity across England – a factor which created challenges for billing authorities in estimating the likely costs locally at the start of the financial year. The GLA received £374.3 million on account from the government for the cost of this scheme during 2022-23, but around £167 million of the section 31 grant is estimated to be repayable based on the provisional 2022-23 outturn data reflecting overestimates made by local authorities as a result of the £110,000 cap. This in year, deficit is expected to be offset in full by the distribution of future collection fund surpluses by billing authorities so there should be no net financial cost to the GLA as a result.

Similarly in relation to the Covid Additional Relief Fund (CARF) the GLA is due – on an accrued basis – to receive just over £152m from the government in 2022-23 to fund its share of the associated reduced revenues. The funding for this pandemic related relief scheme was paid to billing authorities towards the end of the 2021-22 financial year but the reliefs were not in practice granted to ratepayers until 2022-23 primarily due to this late announcement of the allocations for the scheme at local level by the government. The additional sum the GLA is due to receive in respect of CARF partly offsets the above-mentioned repayment in respect of RLH relief highlighted above. This avoids there needing to be a material temporary call on the GLA's reserves until the relevant reconciliation payments are made in respect of collection fund surpluses and deficits with the 33 London billing authorities.

The Mayor's 2022-23 budget also approved the creation of a Transport Services Funding reserve - funded from business rates and council tax income - which had a balance at 31 March 2023 of £287.9m. This reserve is being used to fund transport related expenditure including the cost of the £110 million scrappage scheme associated with the planned expansion of ULEZ across all London boroughs from 29 August 2023.

The Acting Chief Finance Officer considers that the aspiration should be to restore the Business Rates Reserve (BRR) to a level that reflects the risks to future tax revenues. In the 2023-24 budget, the target balance was estimated to be £116.5m by the end of 2024-25 – after managing the volatility arising from deficits and relief schemes from the period of the pandemic in 2020-21 and 2021-22 and topping up the reserve from previously unallocated business rates income. This target balance equates to the shortfall the GLA would need to meet were it to be in a safety net position within the business rates retention system based on the 92.5% threshold in place for the GLA and the majority of English local authorities. This is supplemented by an additional £20m underpin for the c£1.1 billion TfL capital element of the Mayor's business rates funding allocation rolled in under the GLA's business rates pilot which is not to be subject to this particular guarantee. This target balance for the BRR equates to less than 2.5% of the Mayor's forecast aggregate combined income from council tax, business rates and the Crossrail BRS in 2023-24. The assumption will remain under review depending on the impact of the cost of living crisis on business rates collection and potential future government reforms to local government finance following the next general election.

Main financial issues and risks facing the Authority

Details of the main risks facing the GLA are set out in our [Risk Register](#) and the Going Concern note (Note 2 iv). Further, the Annual Governance Statement published alongside these accounts also sets out many of the issues facing the GLA. The following paragraphs detail the main financial risks the Authority faces over the LLDC, GLAH and climate change.

The Mayor is committed to ensuring that the Queen Elizabeth Olympic Park is fully regenerated on a sustainable basis and this requires a significant level of investment from the GLA. As the ultimate funder of LLDC, the GLA is also exposed to the financial risks of the Corporation. A key element of this investment is LLDC's East Bank development, its flagship project to deliver a world-class cultural and education district on the Park. The anticipated final cost of the project increased during the year and cost pressures remain. Construction work is progressing steadily and completion is expected late 2023/early 2024. Funding the project

therefore remains a risk for the GLA over the coming year, particularly in light of continuing cost pressures, however, these would be funded as necessary from the Capital Programme Reserve for LLDC.

There are also cost pressures in the operation of the London Stadium which continues to require long term support from the GLA. In addition, the timing of the repayment of the loans the GLA has made to LLDC is dependent on factors including housing market and other commercial developments and HMRC tax rulings and this remains a long-term risk. These issues constitute a substantive financial risk for the GLA and accordingly there are measures in place for close monitoring.

GLAP's income is sensitive to macro-economic factors which impact on the real estate sector and the viability of house building. The current economic landscape of rising interest rates, higher than usual inflation and global supply chain disruptions are risk factors which have been taken into account in assessing the default position on loans to house builders and in future cash flow forecasting.

The Mayor is responsible for producing a [London Environment Strategy](#) which takes account of strategic environmental issues including climate change mitigation and adaptation. This includes setting out policies and actions he will take to address them. While the Greater London Authority's direct assets exposures to climate change are currently low, London itself faces the following key risks from climate change:

- Projections show that London will experience hotter, drier summers and warmer, wetter, winters. This is already being seen with the surface water floods of July 2021 and the recent heatwaves in 2019, 2020 and 2022 when temperatures in London hit 38 degrees Celsius or more.
- There are already over 200,000 residential and commercial properties at risk of flooding from heavy rainfall events in London.
- Equally, hotter drier weather will increase the risk and severity of droughts and pressure on already stressed water resources that supply London will grow.

The Mayor has set a goal of London being net zero by 2030 and has published his [preferred pathway](#) for achieving this goal. As part of that ambition, the GLA is working with the functional bodies of the GLA to develop their own plans to achieve net zero by 2030. The Mayor has a number of programmes supporting the 2030 programme, one key aspect is supporting the development of net zero projects.

In 2022-23 a climate emergency funding reserve was created to support the delivery of an estimated £500 million of projects across the GLA group and strategic partners (such as the London Boroughs, the Corporation of London and the NHS). At 31 March 2023, the balance stands at £90m and will be used in the coming years to fund climate change project delivery, as approved via the annual GLA Group budget process.

The Mayor's agreed 2023-24 budget developed a climate budget to sit alongside the financial budget. The Climate budget (in the first year) sets out actions being taken across the group, their impact and the resource allocated to reduce scope 1 and scope 2 emissions. It is the GLA's intention to expand the scope of the climate budget in future years, to capture the wider actions across the city and take account of scope 3 emissions.

The Mayor has set an ambitious target of making London net zero carbon by 2030. A key enabler of this ambition is the integration of a 'London Climate Budget' within the GLA Group's annual consolidated budget process and documents. To support this work the GLA is working with C40 Cities, which the Mayor has chaired since December 2021. London is a C40 climate budget 'Pilot City'. The 2023-24 GLA Group budget has mainstreamed climate considerations into decision making via the budget allocation process and highlights London's actions to deliver the long-term climate targets (in line with London's climate action plan or [Net Zero Pathway](#)). The process shows how the GLA's budget is being used to reduce London's emissions.

The 2023-24 GLA group budget details, for each functional body, [the climate action areas](#) and fully funded projects that are to be implemented, monitored and reported in line with the budget cycle, supported by clear targets. This actual spend on these projects will be reflected in the Authority's accounts in future years.

Enver Enver CPFA, FCCA

Acting Chief Finance Officer
10 July 2023

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Executive Director of Resources or the Acting Chief Finance Officer in the absence of the former
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Acting Chief Finance Officer's responsibilities

The Acting Chief Finance Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022-23* (the Code).

In preparing this Statement of Accounts, the Acting Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Acting Chief Finance Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Acting Chief Finance Officer

I certify that the Statement of Accounts for the Greater London Authority, gives a true and fair view of the financial position of the Greater London Authority as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Enver Enver CPFA, FCCA

Acting Chief Finance Officer

10 July 2023

Approval of the Statement of Accounts by the Mayor of London

In accordance with Regulation 9(2) of the Accounts and Audit Regulations 2015, I approve the accounts of the Greater London Authority.

Sadiq Khan

Mayor of London

November 2023

Audit Opinion

[to be inserted]

Consolidated Comprehensive Income and Expenditure Statement

2021/22	2021/22	2021/22			2022/23	2022/23	2022/23
Gross Exp* £000	Gross Income £000	Net Exp* Continuing operations £000		Note	Gross Exp* £000	Gross Income £000	Net Exp* £000
9,017	(9)	9,008	Assembly & Secretariat		7,988	(6)	7,982
29,367	(1,163)	28,204	Chief Officer		8,079	(506)	7,573
68,691	(14,478)	54,213	Communities & Skills		90,925	(44,724)	46,201
122,053	(21,273)	100,780	Good Growth		145,451	(22,111)	123,340
1,073,097	(92,048)	981,049	Housing & Land		2,226,315	(77,039)	2,149,276
7,268	(21)	7,247	Mayor's Office		6,172	-	6,172
39,367	(2,109)	37,258	Resources		37,370	(633)	36,737
31,600	(4,950)	26,650	Strategy & Communications		63,664	(38,189)	25,475
323,758	(345,797)	(22,039)	Adult Education		339,409	(351,633)	(12,224)
64,908	(7,029)	57,879	Olympic Legacy		46,071	(16,226)	29,845
2,726	(1,264)	1,462	Funding London SMEs		(2,716)	(82,244)	(84,960)
20,794	(5,919)	14,875	Corporate & Group Items		29,670	(7,759)	21,911
1,792,646	(496,060)	1,296,586	Cost Of Services		2,998,398	(641,070)	2,357,328
		3,608,891	Other Operating Expenditure	11			3,654,514
		115,200	Financing and Investment Income and Expenditure	12			129,882
		(58,173)	Movement in the fair value of investment properties	26			48,131
		(4,557,786)	Taxation and Non-Specific Grant Income	13			(5,248,789)
		404,718	(Surplus) or Deficit on Provision of Services				941,066
		-	Share of the (surplus) or deficit on the provision of services of associates and joint ventures				5,265
		12,658	Tax expenses of subsidiaries				11,025
		417,376	Group (Surplus) or Deficit				957,356
			Items that are or may be reclassified to the surplus or deficit on the provision of services				
		2,749	Net change in financial instruments measured at fair value through other comprehensive income				2,206
			Items that will never be reclassified to the surplus or deficit on the provision of services				
		13,630	(Surplus) or deficit on revaluation of non-current assets	43			(195)
		(99,627)	Remeasurements of the net defined benefit liability	21			(307,005)
		(11,179)	Increase/ (decrease) in Members Capital				(6,747)
		14,811	Deferred tax asset on net defined benefit liability and on revalued property, plant and equipment				(2,349)
		(79,616)	Other Comprehensive Income and Expenditure				(314,090)
		337,760	Total Comprehensive Income and Expenditure				643,267

*Exp – Expenditure

Authority Comprehensive Income and Expenditure Statement

2021/22	2021/22	2021/22			2022/23	2022/23	2022/23
Gross Exp	Gross	Net Exp	Gross expenditure, gross income and net expenditure of continuing operations	Note	Gross Exp	Gross	Net Exp
£000	Income	£000			£000	Income	£000
9,017	(9)	9,008	Assembly & Secretariat		7,988	(6)	7,982
29,564	(1,163)	28,401	Chief Officer		8,079	(696)	7,383
68,691	(14,478)	54,213	Communities & Skills		90,925	(44,724)	46,201
122,053	(21,273)	100,780	Good Growth		145,451	(22,111)	123,340
1,051,422	(54,449)	996,973	Housing & Land		2,184,229	(45,402)	2,138,827
7,318	(21)	7,297	Mayor's Office		6,172	-	6,172
142,782	(2,109)	140,673	Resources		146,079	(3,155)	142,924
31,600	(4,950)	26,650	Strategy & Communications		63,664	(38,189)	25,475
323,758	(345,797)	(22,039)	Adult Education		339,409	(351,633)	(12,224)
64,578	(7,253)	57,325	Corporate and Group Items		72,051	(6,765)	65,286
1,850,783	(451,502)	1,399,281	Cost of Services		3,064,047	(512,681)	2,551,366
		3,617,837	Other operating expenditure	11			3,655,021
		103,781	Financing and investment income and expenditure	12			88,763
		(4,555,259)	Taxation and non-specific grant income and expenditure	13			(5,240,441)
		565,640	(Surplus) or Deficit on Provision of Services				1,054,709
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
	(154)		(Surplus) or deficit on revaluation of non-current assets	43			(195)
	(88,628)		Remeasurements of the net defined benefit liability	21			(244,614)
	4,297		Net change in the fair value of assets classified as Fair Value through Other Comprehensive Income	43			-
	(84,485)		Other Comprehensive Income and Expenditure				(244,809)
		481,155	Total Comprehensive Income and Expenditure				809,900

Consolidated Movement in Reserves Statement

2022/23	Note	Authority							Group					
		Non- Earmarked Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Authority Reserves	Adj between Authority and Group	Authority's Share of Subsidiaries' and Joint Venture's Reserves		Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	Usable £000	Unusable £000	£000	£000	£000
Balance at 1 April 2022		(10,000)	(1,862,085)	(621,840)	(1,986,118)	(4,480,043)	5,526,484	1,046,441	(11,966)	(156,199)	428,013	(4,636,241)	5,942,530	1,306,289
Movement in reserves in year														
Group (surplus) or deficit after tax		1,054,709	-	-	-	1,054,709	-	1,054,709		(97,353)	-	957,356	-	957,356
Tax on Other Comprehensive Income		-	-	-	-	-	-	-		-	(2,349)	-	(2,349)	(2,349)
Other Comprehensive Expenditure and Income		-	-	-	-	-	(244,809)	(244,809)		(24,628)	(42,304)	(24,628)	(287,113)	(311,741)
Comprehensive Expenditure and Income		1,054,709	-	-	-	1,054,709	(244,809)	809,900	-	(121,981)	(44,653)	932,728	(289,462)	643,267
Adjustment between authority accounts and group accounts														
Other adjustments		-	-	-	-	-	-	-		(97)	2	(97)	2	(95)
Adjustments between accounting basis and funding basis under regulations	9	(353,172)	-	(23,203)	1,251,676	875,301	(875,301)	-	-	5,874	(5,874)	881,175	(881,175)	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		701,537	-	(23,203)	1,251,676	1,930,010	(1,120,110)	809,900	-	(116,204)	(50,524)	1,813,806	(1,170,634)	643,172
Transfers (to)/from Earmarked Reserves	10	(701,537)	701,537	-	-	-	-	-		-	-	-	-	-
(Increase)/Decrease in year		-	701,537	(23,203)	1,251,676	1,930,010	(1,120,110)	809,900	-	(116,204)	(50,524)	1,813,806	(1,170,634)	643,172
Balance at 31 March 2023		(10,000)	(1,160,548)	(645,043)	(734,442)	(2,550,033)	4,406,374	1,856,341	(11,966)	(272,403)	377,489	(2,822,435)	4,771,896	1,949,461

2021/22	Note	Authority							Group						
		Non-Earmarked Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Authority Reserves	Adj between Authority and Group Usable	Adj between Authority and Group Unusable	Authority's Share of Subsidiaries' and Joint Venture's Reserves		Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	Usable £000	Unusable £000	£000	£000	£000
Balance at 1 April 2021		(10,000)	(2,336,318)	(437,306)	(2,621,503)	(5,405,127)	5,970,414	565,287	-	-	(126,554)	529,197	(5,531,680)	6,499,610	967,930
Movement in reserves in year															
Group (surplus) or deficit after tax		565,639	-	-	-	565,639	-	565,639	(11,966)		(136,297)	-	417,376	-	417,376
Tax on Other Comprehensive Income		-	-	-	-	-	-	-			-	14,811	-	14,811	14,811
Other Comprehensive Expenditure and Income		-	-	-	-	-	(84,485)	(84,485)			(21)	(9,921)	(21)	(94,406)	(94,427)
Comprehensive Expenditure and Income		565,639	-	-	-	565,639	(84,485)	481,154	(11,966)	-	(136,318)	4,890	417,355	(79,595)	337,760
Adjustment between authority accounts and group accounts			-	-	-	-	-	-			660	39	660	39	699
Other adjustments		-	-								(100)		(100)	-	(100)
Adjustments between accounting basis and funding basis under regulations	9	(91,406)	-	(184,534)	635,385	359,445	(359,445)	-	11,966	(11,966)	106,113	(106,113)	477,524	(477,524)	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		474,233	-	(184,534)	635,385	925,084	(443,930)	481,154	-	(11,966)	(29,645)	(101,184)	895,439	(557,080)	338,359
Transfers (to)/from Earmarked Reserves	10	(474,233)	474,233	-	-	-	-	-			-	-	-	-	-
(Increase)/Decrease in year		-	474,233	(184,534)	635,385	925,084	(443,930)	481,154	-	(11,966)	(29,645)	(101,184)	895,439	(557,080)	338,359
Balance at 31 March 2022		(10,000)	(1,862,085)	(621,840)	(1,986,118)	(4,480,043)	5,526,484	1,046,441	-	(11,966)	(156,199)	428,013	(4,636,241)	5,942,530	1,306,289

Consolidated Balance Sheet

		Authority	Group	Authority	Group
	Note	31 March 2023	31 March 2023	31 March 2023	31 March 2023
		£000	£000	£000	£000
Property, plant & equipment	25	19,656	33,265	16,522	24,224
Investment property	26	-	211,694	-	240,166
Intangible assets		2,629	2,703	2,955	3,240
Net Pensions Asset	21	26,705	35,111	-	-
Long term investments	29,50	52,161	1,750,055	1,613,467	1,895,875
Equity Investment in Limited Partnership	49	-	2	-	2
Long term debtors	34,50	859,357	115,809	802,852	140,882
Finance lease receivables	35	-	47,327	-	49,156
Long Term Assets		960,508	2,195,966	2,435,796	2,353,545
Short term investments	50	-	1,908,224	1,483,992	1,818,793
Finance lease receivables	35	-	3,202	-	50,764
Inventories	37	-	527,148	-	411,702
Trade and other receivables	38	1,568,697	1,430,329	1,658,591	1,438,015
Cash and Cash Equivalents	39	2,656,661	602	801,106	897,175
Current Assets		4,225,358	3,869,505	3,943,689	4,616,449
Short term borrowing	50,51	(427,982)	(346,244)	(477,996)	(407,349)
Short term creditors	40	(990,695)	(1,193,261)	(1,106,746)	(1,203,450)
Receipts in advance - revenue	16	(20,542)	(21,321)	(8,310)	(8,571)
Receipts in advance - capital	16	(77,788)	(79,317)	(86,268)	(86,838)
Finance lease liabilities	35	-	(12)	-	(22)
Provisions	41	(2,025)	(258,001)	(15,426)	(246,913)
Current Liabilities		(1,519,032)	(1,898,156)	(1,694,746)	(1,953,143)
Long term creditors		(4,508)	(57,602)	(2,856)	(125,415)
Provisions	41	(396,276)	(571,553)	(397,574)	(623,568)
Long term borrowing	50,51	(5,122,391)	(5,445,988)	(5,122,791)	(5,287,412)
Finance lease liabilities	35	-	(289)	-	(300)
Net pensions liability	21	-	-	(207,959)	(256,715)
Receipts in advance - revenue	16	-	(5,349)	-	(1,592)
Receipts in advance - capital	16	-	(21,447)	-	(11,655)
Deferred tax liability	52	-	(14,548)	-	(16,483)
Long Term Liabilities		(5,523,175)	(6,116,776)	(5,731,180)	(6,323,140)
Net Assets/(Liabilities)		(1,856,341)	(1,949,461)	(1,046,441)	(1,306,289)
Usable reserves		(2,550,033)	(2,822,435)	(4,480,042)	(4,636,241)
Unusable Reserves	43	4,406,374	4,771,896	5,526,483	5,942,530
Total Reserves		1,856,341	1,949,461	1,046,441	1,306,289

Consolidated Cash Flow Statement

	Note	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Net surplus or (deficit) on the provision of services		(1,054,709)	(957,356)	(565,639)	(417,375)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	44	(89,234)	28,977	(30,349)	(117,854)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45	(975,053)	(1,080,985)	(543,094)	(640,022)
Net cash flows from Operating Activities		(2,118,996)	(2,009,364)	(1,139,082)	(1,175,251)
Investing Activities	46	4,059,682	1,055,180	160,849	4,520
Financing Activities	47	(85,132)	57,611	192,302	398,583
Net increase or (decrease) in cash and cash equivalents		1,855,554	(896,573)	(785,931)	(772,148)
Cash and cash equivalents at 1 April	39	801,106	897,175	1,587,037	1,669,323
Cash and cash equivalents at 31 March		2,656,660	602	801,106	897,176

Notes to the Core Financial Statements

1. Changes in accounting policies, prior period restatements and reclassifications

There have been no changes to accounting policies, prior period restatements in 2022-23.

The long-term investment in the GLA's subsidiary, London Treasury Liquidity Fund Ltd. has been reclassified from long term investments to cash and cash equivalents as this better reflects the liquidity profile of the investment and the Authority's access to funds. See note 50f. for more details.

2. Accounting Policies

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i. Code of Practice

The Statement of Accounts summarises the Greater London Authority's ("GLA"/" the Authority") and the GLA Group's ("the Group") transactions for the 2022-23 financial year and its position at 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 ("the Code") and the International Financial Reporting Standards ("IFRS") adopted by the United Kingdom ("Adopted IFRS"). The Group financial statements have been prepared in accordance with the Code.

ii. Basis of Accounting

The accounts are prepared as at 31 March.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Where items are considered significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Authority and Group's financial performance.

iii. Basis of Preparation of Group Accounts

The Code requires local authorities with, in aggregate, material interests in subsidiary and associated companies and joint ventures, to prepare group financial statements.

The Group's financial statements incorporate the financial statements of the Greater London Authority and its subsidiaries prepared as at the year-end date. Where significant, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with other GLA Group entities.

Subsidiaries

The Group accounts presented with the Authority's accounts consolidate the individual accounts of the Greater London Authority and its subsidiaries. A subsidiary is an entity over which the Authority exercises or has the potential to exercise control. The income, expenditure, assets and liabilities of subsidiaries have been consolidated on a line-by-line basis, except for London Travel Watch, London Treasury Limited and London Power Co. Limited which have been excluded on materiality grounds. Material intragroup transactions and balances between the remaining GLA Group entities are eliminated.

The Authority's subsidiaries are:

Subsidiaries and sub-subsidiaries	Principal Activities
Greater London Authority Holdings Limited (GLAH)	Holding company
◦ GLA Land and Property Limited (GLAP)	Development, sale and rental of land and buildings
◦ London Power Co. Limited (LPC)*	Energy services
◦ London Treasury Limited (LTL)*	Fund management services
◦ LTLF GP Limited (formerly LSR GP Limited) - subsidiary of LTL	Fund management services
London Treasury Liquidity Fund LP (LTLF LP) (formerly GLA Strategic Reserve LP (GLA SR LP) (GLA is the only limited partner)	Alternative investment fund
London Legacy Development Corporation (LLDC)	Regeneration of the Queen Elizabeth Olympic Park
◦ Stratford East London Developments Limited (SELD)	Property development

◦ Stratford East London Partners LLP	SELD 50/50 joint venture with Ballymore Stratford East (2) (incorporated 7 July 2022)
◦ Stratford East London Holdings Limited (SELH)	Holding company and member of E20 Stadium LLP
◦ Stratford Waterfront Management Co Ltd	Manage the public realm of Stratford Waterfront
◦ E20 Stadium LLP (E20) (LLDC & SELH are members)	Running the London Stadium
◦ London Stadium 185 Limited (LS185) (subsidiary of E20)	London Stadium operator
Old Oak and Park Royal Development Corporation (OPDC)	
	Regeneration of Old Oak and Park Royal
SME Wholesale Finance Limited (SMEWFL) t/a Funding London	
◦ London Co-Investment Fund LLP (LCIF)	Financing of small and medium businesses
◦ Greater London Investment Fund Limited (GLIF)	Financing of small and medium businesses
London Travel Watch (LTW)*	
	Transport watchdog

*On materiality grounds, LTL, LTW and LPC are not consolidated in the GLA's group accounts.

Climate Change Considerations

In preparing the financial statements, management has considered the impact of climate change, particularly in the context of the disclosure made in the Narrative report and the sustainability goals. Management has considered the impact of climate change on a number of key estimates within the financial statements including estimates of future cashflows, the useful economic life of PPE and the impairment of PPE and inventory. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to the 31 March 2025.

iv. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The financial statements have been prepared on a going concern basis as the GLA's statutory Chief Finance Officer considers that the activities of the GLA and the GLA Group will continue in operational existence to 31 March 2025, following the date of the auditor's report, and it will be able to meet its liabilities as they fall due for payment.

GLA reserves and cash balances

The GLA has a healthy level of earmarked reserves balances, at 31 March 2023 non-earmarked reserves totalled £10m and earmarked reserves totalled some £1,160m (£462m Core GLA and £698m GLA Group). The approved GLA budget for 2023-24 and indicative budgets for later years reflect both the delivery structure of Recovery Missions and Foundations and a strong level of reserves. At 31 March 2024, the Authority's expected General Fund reserve has a predicted balance of £10 million, this remains at the minimum level of General Fund balances as set by the Acting Chief Finance Officer; earmarked reserves are forecast at £438m for GLA Core and £493m for GLA Group. It is anticipated that at 31 March 2025 the General Fund balance of £10m will remain and earmarked reserves will total £387m for GLA Core and £452m for GLA Group. The reduction in GLA group reserves by the end of 2024-25 compared to the position at 31 March 2023 includes the use of the Transport reserve to fund transport related expenditure – including for the balance of the £110 million ULEZ vehicle scrappage scheme – and a drawdown to fund the remaining £48.8 million GLA contribution for Crossrail from the business rates reserve which will take place in 2023-24.

The GLA's projected cashflow forecast remains strong, with cash balances forecast to be £1.7bn at the end of 2023-24. It is anticipated that cash balances will fall to just under £1.1bn by the end of 2024-25. This is principally due to the profile of spend anticipated, driven mainly by capital grant spending in 2023-24.

Group financial risks and uncertainties

Borrowing

The key elements of the GLA's loan repayments relate to Crossrail – now called the Elizabeth Line – and the Northern Line Extension to Battersea Power Station.

Crossrail – Elizabeth Line

The balance of Crossrail borrowing at 31 March 2023 stands at c£4.3bn. The interest and principal repayment of this borrowing will be funded from Crossrail Business Rates Supplement and Mayoral Community Infrastructure Levy (Note24). In 2023-24 combined revenues from MCIL and BRS are expected to range from £350m to £400m – which exceeds the capital financing costs on the Crossrail debt by over £200m. This surplus is set aside for debt repayment – of which £283.9m was undertaken in 2022-23 (albeit this was offset by £271m of in year borrowing to fund the GLA’s contribution to the project). The Authority remains confident that it will have more than sufficient revenues to cover the financing costs on its Crossrail related debt each year which will allow surplus revenues to be set aside to fund the repayment of its Crossrail debt, in the medium term.

Northern Line Extension

The GLA agreed in 2014 to make a £1 billion contribution towards the Northern Line Extension (NLE), primarily funded using borrowing from the European Investment Bank and other sources. This borrowing is being financed and repaid using the business rates growth in the local designated area and by local developer contributions collected by the London Boroughs of Lambeth and Wandsworth.

The Mayor’s 2022-23 annual budget approved the creation of the NLE reserve. This reserve has a balance of £59.1m at 31 March 2023. This reserve will be applied to meet any future deficits in the short term until the expected significant additional growth in business rates income from the local designated area following the opening of the NLE materialises – with the final balance released in due course to contribute towards the repayment of the GLA’s outstanding debt.

Functional Bodies

The LFC, MOPAC and TfL are required to meet any additional unforeseen expenditure themselves.

LLDC group

The LLDC’s long term funding model continues to demonstrate that sufficient receipts can be generated and is subject to on-going review. The Corporation’s borrowing limit remains capped at £550 million and the GLA will continue to provide additional grant funding during the going concern period, if necessary, to ensure that this level is not breached. There is on-going financial risk as the construction of East Bank progresses, in the operation of the London Stadium and from housing market developments.

The GLA continues to be committed to meeting the funding requirements of E20 Stadium LLP. It has agreed funding for E20 for 2023-24 through the GLA statutory budget process and the Mayor's Budget Guidance for 2023-24 recognised this on-going commitment in proposed funding for LLDC.

The GLA's cash balances continue to mean that all LLDC cashflow requirements during the going concern period can be met. The Capital Funding Reserve for LLDC has a forecast balance of £35.8 million at the end of March 2025. The adequacy of this reserve is assessed regularly to ensure that sufficient resources are in place to fund cost pressures arising from the completion of the East Bank development, E20 Stadium LLP and other emergent risks.

GLA Group (excluding LLDC)

The Authority is also exposed to the financial risks of its subsidiaries Greater London Authority Holdings (GLAH) group, the Funding London group and the Old Oak and Park Royal Development Corporation. It is management's view that none of these subsidiaries poses a significant financial risk to the Authority.

The GLAH group made a loss after tax for the period of £37.7m (£15.1m profit after tax in 2021-22) mainly driven by £27.8m in write downs in value of land held for development and a £5.3m share of BRL's in-year loss. However, the balance sheet remains strong with net assets currently totalling £198m (£236m at 31 March 2022) and cash flows forecast at £57.3m at 31 March 2024 and £49.9m at 31 March 2025. Further to this, the GLAH Group's liquidity position is assured as the Greater London Authority has provided written assurances to the Company's directors that, so long as the Company is a subsidiary of the GLA, the GLA will continue to make sufficient monies available to the Company to enable it to meet all its debts as they fall due.

Funding London's investments are reviewed at the GLA's Financial Risk Oversight Board on a quarterly basis and the view is that these loans do not represent a material risk to the GLA during the going concern period. Funding London is being integrated into LTL.

OPDC's net expenditure for 2023-24 is relatively small - £11m. To support OPDC's land acquisitions programme, the GLA has provided a £50m loan facility, interest free and repayable in 2029 and the Department for Levelling Up, Housing and Communities (DLUHC) will also be granting £53m to OPDC in 2023-24. The GLA has established an MDC reserve to ensure adequate contingency funding is in place and the adequacy of this reserve has been reviewed as part of the 2023-24 budget setting process.

TfL financial settlement

A financial settlement was agreed for TfL on 30 August 2022 which provides both base funding and a guaranteed level of passenger income via a revenue top-up mechanism thereby ensuring TfL's ongoing financial viability.

As part of this, the GLA has made available a financial facility of up to £500m which TfL can draw upon, to be repaid from future years business rates. To the extent that this financial facility is required by TfL this will be funded temporarily from the GLA's cash, pending its repayment from future years' business rates. Only in extremis will the GLA seek to temporarily borrow to make the facility available. However, this is considered to be an unlikely occurrence.

To support transport expenditure, the Transport Services Funding Reserve has been fully budgeted for in the GLA's 2023-24 approved budget with an estimated balance of £100m at 31 March 2026. The Mayor may, of course, decide to apply this £100m balance earlier.

The GLA has agreed to the issuance of a Green Bond, when suitable market conditions prevail, and created an Environmental Improvement Reserve of £134.3m which are likely to provide TfL with capital resources to support the delivery of net zero by 2030.

Conclusion

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of any additional external borrowing being required. This covers the period to 31 March 2025.

The Mayor's approved 2023-24 budget set out his forecast funding allocations and assumptions in respect of council tax and business rates income for the next three financial years – and the associated risks and uncertainties.

In determining our forward plans we have considered possible downside scenarios, including for business rates and council tax income:

- business rates income would be at the minimum Government safety net level – although in practice based on the 2022-23 outturn position and the expectation that the government will not implement any fundamental reforms to local government funding and taxation this is considered highly unlikely over the planning period
- reduction in council tax base of 1%
- expenditure within the GLA Missions and Foundations exceeds budget

- LLDC group requires additional grant funding to meet unforeseen expenditure over the planning period
- GLAH group commitments and potential defaults on loans.

If retained business rates income did, for example, fall to the minimum guarantee safety net level the GLA would seek to temporarily mitigate this by considering applying the Business Rates Reserve whilst reviewing the options available and taking remedial action. As the vast majority of business rates growth is one-off, the Mayor – in line with his approach in recent years – has allocated this business rates growth to one-off items of expenditure rather than ongoing expenditure. The Mayor's core assumption is that once a business rates re-set occurs, only 25 per cent of the business rates growth the GLA has received to date will be retained.

These matters will be kept under review in light of government announcements on potential changes to local government funding, including any further support to manage inflationary pressures which may be announced. The Mayor will issue his Budget Guidance in the summer of 2023 with updated assumptions and control totals for the GLA Group to plan future years budgets.

Inflation is at its highest rate for over forty years with a consequent impact on pay and prices. The future state of London's economy, given the impact of the COVID-19 pandemic, the UK's exit from the European Union and the impacts of inflation on household and corporate budgets can all be expected to impact on levels of tax receipts, as well as other sources of GLA Group income such as public transport fares.

Future years' income from retained business rates is, in practice, heavily dependent on government policy decisions on local government finance and funding – including the level of support for inflation pressures delivered through the settlement – and the rate of London's long-term recovery from the economic impact of the pandemic and the current economic challenges due to the cost-of-living crisis.

Should the above downsides scenarios occur or risks materialise, the minimum level of general fund reserves is forecast to remain above £200m and liquidity would be more than adequate to manage such a scenario.

A detailed review is undertaken each year of GLAP's loan exposure. The assessment is unbiased, probability-weighted and uses forward-looking macro-economic information. In determining whether there has been a significant increase in credit risk, shadow credit ratings are undertaken, and a provision is made for any expected losses, therein setting aside cash to offset any future defaults.

Having assessed the funding challenges and other uncertainties faced by the GLA Group over the period to the 31 March 2025, the

Mayor considers it appropriate to adopt the going concern basis in preparing these financial statements given the Group's liquidity and reserves position and the ongoing action taken by the Authority to reduce spend commensurate with the funding pressures.

v. Prior Period Adjustments, Changes in Accounting Policies and Errors and Estimates

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of a transaction, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively as if the new policy had always been applied (unless stated otherwise), by adjusting the comparative amounts for the prior period and the opening balances, if the adjustments have had a material effect on the financial position at the beginning of the comparative period. See note 1.

Material errors discovered in prior period figures or reclassifications are corrected retrospectively by adjusting the comparative amounts for the prior period and the opening balances, if the adjustments have had a material effect on the financial position at the beginning of the comparative period, see note 1.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

vi. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue (see Note 6). Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events; and

- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

vii. Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue is recognised when the Group has a contract with a customer and a performance obligation has been satisfied, at the transaction price allocated to that performance obligation. Where payment is deferred, the transaction price is adjusted for the time value of money.
- Development properties and land sales - Revenue is recognised in the income statement when control has been transferred to the purchaser. It is considered that control passes on legal completion. Revenue is recognised at the fair value of the consideration received or receivable on legal completion.
- Contributions from East Bank partners towards the cost of constructing their buildings will not be recognised until the buildings are complete and handed over to the partners. Any revenue received in advance of that will be treated as deferred income on the balance sheet.
- Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Property held for sale during the normal course of business is recorded as expenditure when control transfers to the purchaser. It is considered that control passes on legal completion. The properties are carried as inventories on the Balance Sheet, see Inventories accounting policy xxii for further details.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings are accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance, is applied and the resulting changes to impairment loss is written off to the Comprehensive Income and Expenditure Statement (CIES).

viii. Government Grants and Third-Party Contributions

Revenue grants

Whether paid on account, by instalments or in arrears, revenue government grants and third-party revenue contributions and donations are recognised as due to the Group when there is reasonable assurance that:

- the Group will comply with the conditions attached to the payments; and
- the revenue grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the CIES until conditions, attached to the revenue grant or contribution, have been satisfied. Conditions are stipulations that specify how the revenue grant should be used by the Group, and which if not met require the grant to be returned to the transferor.

Monies advanced as revenue grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (receipts-in-advance). When conditions are satisfied, the revenue grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where revenue grant income has been received that has no conditions attaching to it, but where the grant has yet to be applied and there are restrictions as to how the monies are to be applied, the Group recognises this income in the CIES and then earmarks it until it is applied.

Capital grants

Capital grants recognised as due are not credited to the CIES until conditions attached to the capital grant have been satisfied. They are carried in the Balance Sheet as creditors (receipts-in-advance) until the conditions have been met.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

ix. Council Tax Accounting

The GLA is the only major preceptor on the 32 London Boroughs and City of London Corporation.

In their capacity as billing authorities, the boroughs and the City of London Corporation, act as the GLA's agent: they collect and distribute council tax income on behalf of themselves and the GLA.

The council tax income included in the CIES for the year will be the accrued income for that year. The difference between the income included in the CIES and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

This ensures that the amount included in the General Fund is as required under statute and is the precept for the year plus the preceptor's share of the Council Tax surplus on the billing authorities' Collection Fund for the previous year or less its share of the Council Tax deficit on the Collection Fund for the previous year. As required, however, under the provisions of the Local Authorities (Collection Fund: surplus and deficit) (Coronavirus) (England) Regulations 2020, the GLA's share of a billing authority's 2020-21 council tax deficit (if applicable) using the estimate calculated by 15 January 2021 is recoverable over the following three financial years - of which 2022-23 was the second year. These arrangements do not apply in respect of any deficits incurred in respect of 2021-22, 2022-23 or future years.

The Government also announced in July 2020 that it would compensate local authorities for 75% of their estimated irrecoverable council tax losses during the 2020-21 financial year arising from the impact of the pandemic via the Tax Income Guarantee (TIG) scheme. The GLA's final TIG award received during 2021-22 was £0.8 million higher in respect of council tax than the £3.4 million indicative sum it accrued for in its 2020-21 accounts. This combined sum was allocated by the Mayor to be spent via Mayoral Decisions or in his 2022-23 budget.

Since the collection of council tax is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from council tax debtors belongs proportionately to them and the GLA. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from council taxpayers.

x. Non-domestic rates

In their capacity as billing authorities, the 32 boroughs and the City of London Corporation, act as the Greater London Authority and the Secretary of State's agent: they collect and distribute non-domestic rates income on behalf of themselves, the Secretary of State and the GLA in proportion to the agreed shares set out in the Non-Domestic Rating (Rates Retention) Regulations 2013.

The non-domestic rates income included in the CIES for the year will be the GLA's share of accrued income for that year including any additional income in relation to the London business rates pool. The difference between the income included in the CIES and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

This ensures that the amount included in the General Fund is as required under statute and is the Authority's proportionate share of non-domestic rates for the year plus the Authority's share of the Non-Domestic Rates surplus on the billing authorities' Collection Fund for the previous year or less its share of the Non-Domestic Rates deficit on the Collection Fund for the previous year.

For 2022-23 the amounts reflected in these draft accounts are based on NNDR3 returns (and amended versions) approved by section 151 officers and officially submitted to DLUHC (and GLA) by Friday 9 June 2023. Billing authorities may make further amendments subsequently, which if submitted in good time, will be included in the audited GLA Group accounts.

In accounting terms top-up receipts from and tariff payments to central government along with safety net receipts and levy payments, if applicable, and section 31 grants in respect of compensation for the lost revenue from certain business rates reliefs and caps applied in the national business rates multiplier are recognised in the Comprehensive Income and Expenditure Account within the Surplus or Deficit on Provision of Services. Taking into account the above factors the GLA is expected to pay a levy on its business rates growth in 2022-23 of c£23.1m based on the current best assessment of the Government's expected methodology for determining levy and safety net payments. This sum has been accrued for in its 2022-23 accounts as a creditor position with DLUHC although this is not expected to have to be paid to the department in cash terms until early 2024.

A provisional £36.7 million levy payment was made to the government at the end of March 2023 in respect of 2021-22 but this will be revised to take into account audited business rates outturn returns submitted subsequent to the date the calculations were made by DLUHC. This includes the amended outturn returns for Westminster and other local authorities reflected in the GLA's final 2022-23 accounts which would – before other changes - reduce the levy payable in respect of 2021-22 by just under £5 million. The government is expected to undertake this reconciliation adjustment for 2021-22 in early 2024. The final calculation is subject to change as it will also need to be updated to reflect any subsequent amendments by other billing authorities following the completion of the audits of their 2021-22 accounts as a number remain outstanding.

As in 2021-22 billing authorities will recover the GLA's share of the resulting collection fund surpluses and deficits for 2022-23 in 2023-24 and the government will separately redistribute the associated section 31 grant compensation to ensure that there is no net cost to the GLA from key government funded relief schemes (e.g. the 50 per cent retail, leisure and hospitality relief scheme in respect of 2022-23 and the pandemic related Covid additional relief fund which was not distributed by billing authorities until 2022-23) in respect of its retained business rates income. In line with accounting practice the net estimated section 31 grant income repayable for 2022-23 of £5.4m has been charged temporarily to the business rates reserve and will be offset by the distribution of collection fund surpluses and deficits in 2023-24 from or to billing authorities.

Since the collection of non-domestic rates is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from non-domestic rates debtors belongs proportionately to them, the GLA and, for prior years, notionally in respect of their centrally retained share the Secretary of State. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from non-domestic rate payers.

xi. Crossrail Business Rate Supplement

The GLA is empowered to levy a business rate supplement under the Business Rate Supplements Act 2009. In January 2010 it published a prospectus confirming its intention to levy a BRS to finance £4.1 billion of its contribution towards the cost of the Crossrail Transport project. It may therefore only apply its Business Rate Supplement revenues in respect of expenditure relating to this project.

As a result of the delay in completing the Crossrail project (now renamed the Elizabeth line), the Mayor agreed with the government in December 2018 that the GLA would provide a further £1.4 billion contribution to the project, to be paid to TfL as a capital grant. This was funded using a direct £100m contribution using prior year unapplied BRS revenues and a £1.3 billion loan from the Department for Transport. This loan will be financed and repaid over an agreed period of 10 years using revenues from the Crossrail BRS and MCIL. The GLA had paid this entire £1.4 billion sum to fund the project £46 million during the 2020-21 financial year, in 2019-20 and 2020-21.

The GLA also agreed with the Department of Transport to provide a further contribution towards the Crossrail project of £825 million in November 2020. This has been funded using a loan from the Department for Transport. Of this £554 million was paid to TfL to fund the Crossrail project in 2021-22 with the remaining £271million transferred in 2022-23. The Mayor has also agreed a further direct revenue contribution of up to £48.8 million towards the project in his 2022-23 budget but this sum will not now be transferred to TfL until 2023-24.

The GLA accounts for its BRS related expenditure (its contribution to the Crossrail project) within the CIES and its interest payable on the associated borrowing within financing and investment income. BRS income is presented within "Taxation and Non-Specific Grant Income". As the GLA is required to refund BRS levies that have not been used to finance the project (e.g. where the imposition of the Business Rate Supplement has come to an end) any BRS income is therefore subject to a condition, and therefore all BRS receipts are initially recognised as a creditor.

The GLA receives amounts in respect of BRS from billing authorities during the year based on a provisional estimate at the start of the year net of reliefs, borough collection costs and a 5% contingency allowance. After the financial year-end each billing authority

calculates the amount it has collected in BRS after allowing for collection and other costs. This uses a different methodology - as specified in section 7 to Schedule II of the BRS Transfers to Revenue Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations 2009.

The amount calculated as having been collected in BRS under this methodology is based on the total amount paid into each billing authority's collection fund in business rates and BRS multiplied by the share which BRS liabilities represent of the total business rates liability for all ratepayers (including those not liable for BRS) adjusted for prior year liabilities and refunds. A debtor or creditor is raised depending on whether the amount calculated as having been collected is higher or lower than the amount paid in instalments based on the provisional estimate. There is no direct relationship between the methodology used to calculate the provisional returns and the final returns.

The GLA recognises its BRS revenue as income in the CIES only at the point the conditions it has set out in its final prospectus are satisfied (i.e. at the point that it makes its contribution to the Crossrail project by means of a payment made to Transport for London and is credited by them to the Crossrail Sponsor Funding Agreement (SFA) Account). This SFA account is administered by Transport for London and all monetary contributions by the GLA, TfL and the Secretary of State for Transport towards the cost of the project are paid into it.

The GLA has recognised all revenue expenditure (including interest incurred on that element of its contribution financed by borrowing) relating to its contribution towards the Crossrail project as expenditure in the relevant service revenue account(s) as it is incurred. Its contributions paid to Transport for London in respect of Crossrail have been recognised as Revenue Expenditure Funded from Capital under Statute ("REFCUS").

Where revenue expenditure is incurred in respect of a BRS project, the GLA transfers an amount equal to that expenditure from the Business Rate Supplement Account to the General Fund as the expenditure is incurred. Were capital expenditure in respect of a BRS project to be incurred, the GLA would transfer an amount equal to the capital expenditure from the Business Rate Supplement Account to the Capital Adjustment Account as the capital expenditure is incurred.

Where capital expenditure in respect of a BRS project has been funded from borrowing, the GLA transfers from its Business Rate

Supplement Revenue Account to its General Fund an amount equal to the sum of the Minimum Revenue Provision (“MRP”) and interest charged to the General Fund in the year in respect of the BRS project. These transfers are reported in the Movement in Reserves Statement. As the GLA does not generate an asset from its BRS contributions no depreciation or impairment of assets are financed from BRS levies.

The GLA transfers an amount equal to its income receivable in respect of the Crossrail project once recognised in the financial year (net of administrative expenses incurred by it and the 33 billing authorities in London) from its General Fund to its Business Rate Supplement Revenue Account. Any difference between the cumulative income transferred to the Business Rate Supplement Revenue Account and the amount required by regulation to be transferred to that account (i.e. the amount reported by billing authorities as having been collected as specified in the BRS Transfers to Revenue Accounts regulations) is credited or debited to that account, with the corresponding debit or credit being made to the Collection Fund Adjustment Account.

The GLA is required to prepare and publish a BRS revenue account setting out the expenditure applied and income received from the BRS under Schedule 1 of the Business Rate Supplements (Accounting) (England) Regulations 2010. Since 2019-20 this statutory account has been incorporated within a wider Crossrail Revenue Account following the approval of the Community Infrastructure Levy (Amendment) (England) Regulations 2019 – 2019 966) by Parliament which allow MCIL revenues to also be applied to finance and repay the GLA’s Crossrail debt.

Where the GLA’s Crossrail Revenue Account (incorporating the statutory BRS revenue account) is in deficit, it transfers an amount equivalent to the deficit from its General Fund to that Revenue Account; this transfer being reported in the Movement in Reserves Statement.

Any deficit may be recaptured in future years from any surpluses arising on the account. Where deficits arise as a result of capital grants made to TfL (as above), capital finance regulations and the GLA’s minimum revenue provision policy ensure that there is no net impact on the General Fund. Therefore, the GLA’s contribution to Crossrail has no impact on the Precept or council taxpayer.

Where the GLA’s Crossrail Revenue Account (incorporating the statutory BRS revenue account) is in surplus, it transfers the surplus to its General Fund to the extent that this reverses any amounts charged to that fund in the ten years immediately preceding the

financial year having regard to the requirements of the BRS Accounting Regulations; this transfer being reported in the Movement in Reserves Statement.

In line with the final prospectus, it is estimated currently that the BRS for Crossrail will run for a period up to 31 years and raise no more than £8.1 billion to finance and repay debt and/or provide a direct contribution towards Crossrail construction costs.

Where, in the final year of the BRS, and in the case of the GLA its associated borrowing has been repaid which is not expected at present to be before the late 2030s but will be no later than 31 March 2041- and the Business Rate Supplement Revenue Account is in surplus, the GLA will transfer this surplus to the Collection Fund Adjustment Account. These surplus funds will be transferred to each billing authority in proportion to the amounts paid in BRS by that authority over the lifetime of the BRS. Where such sums are material these surpluses will be repaid to those ratepayers liable to the BRS in its final year by that billing authority. Further details on the BRS can be found in note 55. The Crossrail revenue account sets out the sums receivable in respect of 2022-23 in BRS and how they have been applied to meet the GLA's expenditure on Crossrail including financing costs on its debt.

xii. Community Infrastructure Levy (CIL)

The Authority has elected to charge a Mayoral CIL (MCIL). The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. Under existing legislation, the GLA's CIL may only be applied to fund transport projects and the income from the levy is currently being used to fund Crossrail.

The Authority is the chargeable body and the London Boroughs and City of London Corporation – the 33 collecting authorities - collect the levy on the Authority's behalf. Transport for London manages the administration of CIL on behalf of the GLA under an agency arrangement.

Prior to 2019-20 MCIL income was paid into the Crossrail Sponsor Funding Agreement Account held by Transport for London before being applied by it to fund the Crossrail project.

From 2019-20 the GLA has been permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019) to apply MCIL for capital financing purposes for Crossrail. MCIL income retained by GLA from 1 April 2019 is now reported as part of the Crossrail revenue account which includes the statutory BRS revenue account. This

ensures that all the funds received and applied to fund the GLA's contributions to Crossrail and its associated financing costs are reported in one account. The Community Infrastructure Levy (Amendment) (England) Regulations 2021 laid before Parliament in March 2021 following the November 2020 Crossrail funding deal permit the Mayor to apply MCIL revenues to finance and repay the GLA's Crossrail debt up to 31 March 2043.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion, of the charges, has been used to fund revenue expenditure. Further details on the CIL can be found in note 24.

The Crossrail revenue account sets out the sums receivable in respect of 2022-23 from MCIL and how they have been applied to meet the GLA's expenditure on Crossrail including financing costs on its debt.

xiii. Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

xiv. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the annual contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xv. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as salaries, other remuneration, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service in the CIES at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Group employees are members of the following pension schemes:

- *Local Government Pension Scheme (LGPS)*: Authority, LLDC and OPDC staff
- *AVIVA*: GLA Assembly members

The Local Government Pension Scheme

The Local Government Pension Scheme in respect of GLA, LLDC and OPDC employees is administered by the London Pensions Fund Authority (LPFA) and is accounted for as a defined benefits-scheme:

- The liabilities of the LPFA pension scheme attributable to the Authority, LLDC and OPDC are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, at a discount rate of 4.8%. An estimate of the Authority's future cashflows is made using notional cashflows based on an estimated service liability of 22 years. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point). The assets of the LPFA pension fund attributable to the Authority, LLDC and OPDC are included in the Balance Sheet at their fair value as follows:
 - Quoted securities- bid value to bid value basis
 - Unquoted securities-professional estimate
 - Unitised securities- bid value to bid value basis
 - Property-market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities, as a result of years of service earned this year-allocated in the CIES to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs; and
 - interest on the net defined benefit liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in the interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with the assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such

amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

Discretionary awards of retirement benefits are sometimes made in the event of early retirements. Any liabilities estimated to arise as a result of an award to a member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Greater London Authority AVIVA master trust scheme

The Greater London Authority AVIVA master trust scheme is a defined contribution scheme open to the Mayor and Assembly Members. As it is a defined contribution scheme no liability for future payments is recognised in the balance sheet and revenue is charged with the employer's contributions payable in the year. The scheme commenced on 1 March 2018.

Allianz Pensions Scheme (London House Brussels staff)

On 1 January 2020, Brussels staff pensions transferred from the LGPS to a group insurance scheme operated by Allianz. This is a defined contributions scheme open solely to the one staff member employed in the Authority's Brussels office. As it is a defined contribution scheme, no liability for future payments is recognised in the balance sheet and revenue is charged with the employer's contributions payable in the year.

xvi. Fair Value

The Group measures some of its non-financial assets such as investment properties and some of its financial instruments such as equity mortgages at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in its absence, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

xvii. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premia and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. Where material, the Group has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVTPL), and
- fair value through other comprehensive income (FVOCI)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Group has made a number of loans to organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost and at FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Group has a portfolio of a significant number of loans to subsidiaries and property developers. Losses have been assessed on an individual instrument basis, excluding loans to other local authorities as the Code excludes loans to other local authorities from impairment assessments.

The agreements and the financial standing of the counterparties are reviewed annually by an external credit rating agency and credit risk grades are determined using qualitative and quantitative factors that are indicative of risk of default and are aligned to

external credit ratings definitions from Moody's. Expected credit losses are calculated as an unbiased and probability-weighted estimate using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure at the point of default after taking into account the value of any collateral held.

Where loans are secured via collateral, if the collateral value exceeds the credit exposure the loss given default is deemed to be insignificant and any resultant expected credit loss provision is immaterial. At 31 March 2022, the collateral held was mainly in the form of a charge on the property development/land and exceeded the credit exposure on 58% of the loan investments and finance lease receivables held.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk since origination, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. In determining whether there has been a significant increase in credit risk, the Group reviews credit ratings and qualitative indicators such as watchlists and other indicators of historical delinquency, credit weakness or financial difficulty. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1. Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. Default is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to affect significantly the ability to repay the amount due.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method and losses and impairment are recognised in the CIES. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to the CIES within Financing and Investment Income and Expenditure.

Financial Assets Measured at Fair Value through Profit of Loss (FVTPL)

Financial assets that do not meet the tests to be measured at amortised cost or at FVOCI are measured at FVTPL. They are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- instruments that do not have fixed and determinable payments - stated at fair value based on the Group's share of the fair value of the underlying investments.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

xviii. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in ninety days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority and group members' cash management.

xix. Foreign Currency Translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted to sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

xx. Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries and associates that require it to prepare group accounts.

xxi. Inventories

Greater London Authority Holdings Ltd and London Legacy Development Corporation

Land and buildings held for sale in the normal course of business are classified as inventories (IAS 2) and valued annually, by external professionally qualified valuers, at the lower of cost and net realisable value or the lower of cost and current replacement cost where they are held for distribution at no charge or nominal charge (IPSAS 12). Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

Expenditure, of £10,000 and above, on direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition, is capitalised. Expenditure below £10,000 may be grouped and capitalised where it is practicable to do so.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. For LLDC, where its residential developments are undertaken on its behalf by third parties (for example, via a Development Agreement), LLDC uses its forecast share of the developer's estimated sale receipts to determine the net realisable value (as LLDC does not incur any costs of completion or marketing, selling and distribution). For East Bank properties classified as inventories, LLDC uses its forecast contributions from the East Bank partners and the estimated costs to complete (based on the anticipated final cost as determined in conjunction with its project management partner, Mace) to determine the net realisable value.

Land is recognised as inventory when control has been transferred, i.e. on legal completion.

Non-refundable land option payments are initially recognised in inventory and are written off to the income statements when it is probable that they will not be exercised.

xxii. Leases

Finance Leases (the Group as lessee)

Leased Assets

Leases are identified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of

the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease Payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents are charged as expenses in the periods in which they are incurred.

Finance Leases (the Group as lessor)

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating Leases (the Group as lessee)

Rentals paid under operating leases are charged to the CIES as an expense of the services that benefit from use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

Operating Leases (the Group as lessor)

Rental income from operating leases and initial direct costs are recognised in the CIES on a straight-line basis over the term of the relevant lease.

xxiii. Intangible Assets

Expenditure, of £10,000 and above, on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible assets to the Group.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and will generate future economic benefits or deliver service potential through use of the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise services or goods.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. In practice, no intangible asset held meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service lines in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

The useful lives and amortisation methods for software costs are as follows:

Software costs: Straight line - 3 to 5 years

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement on Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xxiv. Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure, of £10,000 and above, on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Expenditure below £10,000 may be grouped and capitalised where practicable to do so.

De-recognition

Where expenditure is incurred in the direct replacement of an existing asset or a significant component of an existing asset – that component is de-recognised prior to the recognition of any subsequent expenditure.

Initial Measurement and Valuations

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- Borrowing costs incurred are not capitalised whilst assets are under construction.

Assets are then measured on the Balance Sheet date using a current value basis:

- Specialised properties with no active market – measured at depreciated replacement cost (DRC), being the present value of the assets' remaining service potential, which can be assumed equal to the cost of replacing that service potential;

- Non-specialised operational properties – measured at existing use value, being the market value based on the assumption that the property is sold as part of the continuing enterprise;
- Surplus assets – measured at fair value, being the price that would be received to sell an asset in an orderly transaction between market participants; and
- Plant and equipment – measured at cost less accumulated depreciation and accumulated impairment losses as a proxy for current value.

Assets under construction are measured at cost less accumulated impairment losses.

Valuations

Assets included in the Balance Sheet at current and fair value are revalued annually to ensure that their carrying amount is not materially different from their current or fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account in order to reverse a loss charged to services in a prior year.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is an insufficient balance in the revaluation reserve, the revaluation reserve is written down to nil and the remaining amount of the decrease in value is written down against the relevant service line(s) in the CIES.

Where there is no balance in the Revaluation Reserve, the whole amount of the decrease in value is written down against the relevant service line(s) in the CIES.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided on all Property, Plant and Equipment assets by systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets that are not yet available for use (i.e. assets under construction).

Depreciation is provided according to the following policy:

- Newly acquired assets are depreciated when they are brought into use or on an average basis; and
- Depreciation is calculated using the straight-line method and over the following useful lives:
 - Buildings – up to 60 years
 - Plant and equipment – 3 to 40 years
 - IT infrastructure and development – 3 years
 - Furniture, fixtures and fittings – 5 to 10 years
 - Motor vehicles – 3 years

Where an item of Property, Plant and Equipment has major components with significantly different useful lives and the cost of which is significant in relation to the total cost of the item, the components are depreciated separately.

Land is not depreciated as it is deemed to have an indefinite useful life.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of the disposal).

The following policy will be applied to the de-recognition of fully depreciated assets:

- Asset life 5 years –write off after 8 years if existing use cannot be determined (or sooner if confirmed no longer in use); and
- Asset life 3 years – write off after 5 years if existing use cannot be determined (or sooner if confirmed no longer in use).

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are apportioned to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of the disposal is not a charge against the Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

xxv. Heritage Assets

Heritage assets are assets that are held principally for their contribution to knowledge or culture and may be carried at cost or fair value based on market value. Most often this is deemed to be its insured value, for example in the case of works of art.

Two heritage assets were transferred on 1 April 2012 from the Homes and Community Agency both had depreciated to a nil carrying value. The assets held are of a unique nature and there is no historical cost information available and no comparable market value information.

The Group considers the cost of obtaining such information outweighs the benefits to the users of the financial statements. As a result, the assets have not been recognised on the Balance Sheet. The appropriate disclosures have been made in Note 28.

xxvi. Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation and on disposal are recognised in the CIES. As statutory arrangements do not allow these gains and losses to impact the General Fund, they are subsequently reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve (sales proceeds). When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

External, professionally qualified valuers are used to measure fair value.

If the use of an investment property changes such that it requires a transfer to inventories, then the property's deemed cost in accordance IAS 2 (Inventories) shall be its fair value at the date of change in use.

Where there is a change in use of a property, this may result in a reclassification of an investment property to inventories, or vice versa. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

As set out in IAS 40, a change in management's intentions for the use of a property does not, in isolation, provide evidence of a change in use. However, an example of a change in use is the commencement of development with a view to sale.

In this context, management defines 'commencement of development' as the start of work on site, which could be on a phased basis and (with reference to Section 56 of the Town and Country Planning Act 1990) includes:

- any work of construction in the course of the erection of a building

- any work of demolition of a building
- the digging of a trench which is to contain the foundations, or part of the foundations, of a building
- the laying of any underground main or pipe to the foundations, or part of the foundations, of a building
- the course of laying out or constructing a road or part of a road

Where group entity decides to dispose of an investment property (e.g. land) without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of financial position) and does not reclassify it as inventory.

xxvii. Revenue expenditure funded from capital under statute (REFCUS)

Revenue expenditure funded from capital under statute is expenditure that may be capitalised under statutory provisions but which does not result in the creation of a fixed asset to the Authority/Group. For example, grant paid to a third party for the purchase or creation of a fixed asset. This will include capital grants paid to Transport for London in respect of the Northern Line Extension and Crossrail, housing capital funding paid to London boroughs, developers and housing associations; and regeneration funding paid to London boroughs and other organisations.

REFCUS is charged as expenditure to the relevant service revenue account in the year. Where such expenditure is funded from capital grants or contributions, the grants or contributions (or the portions that relate to the expenditure) are recognised as revenue grants or contributions. Both the expenditure and the grant or contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account so there is no impact on the level of the precept.

xxviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxix. Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by earmarking amounts in the General Fund Balance and showing these as transfers between the earmarked and non-earmarked General Fund reserves in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the non-earmarked portion of the General Fund reserves in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Capital reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Group – these reserves are explained in the relevant accounting policies.

xxx. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxxi. Corporation Tax

Corporation tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the CIES except to the extent that it relates to a business combination, or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set off.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

xxxii. Minimum Revenue Provision

A minimum revenue provision (MRP) is a requirement to spread the revenue cost of capital expenditure over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The provision is in respect of capital financed by borrowing or credit arrangements. The scheme for calculating MRP is set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

The GLA's relevant capital expenditure currently relates to major infrastructure projects, namely Crossrail and the Northern Line Extension (NLE). Due to the scale of the GLA commitment to these projects (£7.0bn and £1bn total contributions respectively predominantly funded by borrowing), the GLA considers it prudent to maintain ringfenced project accounts for each. In the case of Crossrail, the requirement to present a separate revenue account is prescribed by statute due to the fact that a Business Rate Supplement has been raised and applied to fund the project.

In both cases, the GLA's expenditure takes the form of grants to TfL to fund all or part of the project costs. Various statutory or contractual income streams are available to the GLA to meet these costs, and are credited to the relevant ringfenced project accounts, either to fund grants directly or meet associated financing costs, including repayment of borrowing.

- In the case of Crossrail, the principal income stream is Crossrail Business Rates Supplement (BRS), supplemented from 2019-20 (as a source of revenue to finance and repay debt following changes made to legislation) by the Mayoral Community Infrastructure Levy (MCIL)
- For the NLE, the funding is collected by the London Boroughs of Lambeth and Wandsworth and comprises a share of the ring-fenced business rates growth in the Battersea and Nine Elms statutory designated area and contributions from local developers.

For each project, the annual MRP is set at the surplus of income credited to the project account over the net financing and other revenue expenditure, including the making good of prior year project account deficits. This is a prudent provision, since it will fully fund the costs attributable to each project over a period of time reasonably commensurate with the benefits of that project.

Where the GLA incurs capital expenditure as a result of making a loan to another entity for purposes that, had the GLA undertaken these directly, would be treated as capital expenditure, then the capital financing requirement element arising from such loans shall be excluded from the minimum revenue provision calculations to reflect the policy that the capital receipt arising from the repayment of the loan will be applied in full to meet the initial expenditure. The Acting Chief Finance Officer may override this exemption on the grounds of prudence, directing a provision to be made in accordance with the methodology set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. However, the impact of such direction on the revenue account shall be accounted for as a voluntary revenue provision (VRP).

3. Accounting Standards issued but not yet effective

At the date of authorisation of the Group financial statements, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

IFRS 16 Leases

- IFRS 16 Leases replaces IAS 17 Leases and will be effective for annual periods beginning on or after 1 April 2024. The Group's accounting as a lessor will remain aligned to the current approach under IAS 17; however, for lessee accounting there will no longer be a distinction between finance and operating leases. The transition approach adopted by the Group will result in the recognition of right of use assets and lease liabilities in respect of leased properties previously accounted for as operating leases. Work is currently underway to quantify the lease liabilities. As permitted by the transition options under IFRS 16, comparative figures for the prior year will not be restated. Going forward, the Group will recognise a finance charge on the lease liability and a depreciation charge on the right-of-use asset, whereas previously the Group included lease rentals within the respective service area's expenditure. The Group intends to take advantage of the exemption to not recognise a lease liability and a right-of-use asset for leases for which the underlying asset is of low value.

4. Transfer of function

There were no transfers of function in 2022-23.

5. Use of estimates and judgements

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed below:

Estimates

LLDC Funding

LLDC's funding is agreed annually for a four-year rolling budget via the GLA's statutory budgeting process. LLDC maintains a long-term financial plan, which is shared with the GLA and is heavily dependent on future receipts from the sale of development properties and support from the GLA.

This provides LLDC with a level of certainty about future levels of funding, however it is subject to constant review with the GLA. LLDC has determined that there is sufficient certainty to provide an indication that its long-term objectives will be achieved.

Fair Value

A range of judgements and estimates are made when determining the fair values of property assets and financial instruments held at fair value. Where applicable the impact of comparable property values has been taken into account by the Valuers.

Fair values of properties

Investment Properties are valued at fair value. The carrying value of investment properties at Group level, at 31 March 2023, totalled £211.7m, see note 26 for further details.

The significant assumptions applied in estimating the fair values of investment properties are:

For income producing properties, the Valuers adopt an investment approach where they apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors. Following market practice, they construct their valuations adopting methodology where the reversions are generated from regular short-term uplifts of market rent. They would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation;

- the assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of market rent. Where circumstances dictate that it is necessary to utilise a different rental value in the capital valuation, the Valuers will generally set out the reasons for this in their report;
- vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable; and
- where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. This requires assumptions being made on the nature, size and specification of the modern equivalent building and all other necessary improvements; and calculating the cost of providing these by

reference to published building cost data. Assumptions are also made on the percentage depreciation required to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued.

Fair values of financial instruments

Where quoted market prices are not available, valuation techniques are used to value financial instruments. These include models using both observable and unobservable market inputs. The valuation techniques involve judgement regarding the valuation models used and the inputs to these models can lead to a range of plausible valuation for financial investments. Inputs include forecast cash flows, appropriate market interest rates and for property backed loans a key input is the underlying property valuation.

Inventory (Development Property)

The Group holds land and buildings for sale and for development and subsequent sale as Inventory. Annual valuation reviews are undertaken to identify property held for sale or developments in progress to ensure that the carrying value is the lower of cost or net realisable value (IAS 2) or for inventory being distributed at no or nominal charge, the lower of cost or current replacement cost (IPSAS 12).

The net realisable value is based upon the potential income to be generated by the various assets. Should evidence emerge that causes the Group entities to amend these estimates, the carrying value of inventories could change. This includes changes to the affordable housing and/or construction price inflation assumptions on developments, including on LLDC's development sites under construction.

Where there is a transfer to inventories from investment properties arising from a change of use, the inventory's deemed cost is its fair value at the date of change in use. For residential development inventories, the fair value at the date of transfer will be based upon the potential income to be generated by the various assets. Again, any change in these estimates could impact the carrying value of the inventories, which could result in a write-down in value to the CIES. For example, a 10 per cent reduction in the value of LLDC's inventories would result in a £16.2m charge to the CIES. This could be driven, for example, by a change in forecast future construction price inflation for the East Bank buildings

In the period to 31 March 2023, this review resulted in a £53k reversal of previous write downs to fair value and a write down to net realisable value of £27.8m for inventories held by both GLAP and LLDC. See note 37 for further details.

Investment Property

Investment properties (IAS 40), requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties. As investment properties are valued at fair value, with movements in the fair value being recorded in the income statement, this could have a significant effect on the reported surplus or deficit of the Group.

Investment property valuations are based on the estimated potential income to be generated by the various assets. Should evidence emerge that requires amendments to these estimates, the estimated fair value of investment properties could change. This includes changes to the affordable housing requirements and/or construction price inflation assumptions on developments, including on LLDC's remaining development sites on the Queen Elizabeth Park.

The carrying value of investment properties at Group level, at 31 March 2023, totalled £211.7m, see note 26 for further details.

Classification between investment properties and inventories

The intention for which a property is held, is considered at the outset when each property is acquired, to inform the classification of the property as either an investment property or an inventory. Where the intention is to trade or dispose the property within the ordinary course of business, the property is classified as inventory property. Where the intention is to hold the property for its long-term rental yield or capital appreciation (or both), the property is classified as an investment property. Where the intention cannot be determined with any certainty the property is classified as an investment property.

Where there is a demonstrable change in use of the property, a transfer between investment property and inventory property takes place. A change in use occurs when the property ceases to meet the definition of investment property and there is evidence of the change in use. The transfer will take place when there are observable actions toward effecting a change in use, for example the commencement of development, by the Group entity, with a view to a sale.

The classification of properties is a significant judgement which directly impacts the net asset position and reported financial performance, as inventory properties are held at the lower of cost and net realisable value or, when appropriate, at lower of cost and current replacement cost, whilst investment properties are held at fair value, with gains or losses taken through the Comprehensive Income and Expenditure Statement. Refer to notes 26 and 37 for further information.

Affordable housing assumptions

Property valuations are based on current intentions for assets, contracts and tendering activity. The asset valuations are subject to assumptions around the levels of affordable housing, which is a factor in valuing development property and in determining the highest and best use for investment properties. The London Plan 2021 was published on 2 March 2021 and the strategic target remains at 50 per cent of all new homes delivered across London to be genuinely affordable. An increase in the affordable housing levels on what is currently assumed in the 31 March valuations would lead to a decrease in value.

Property, plant and equipment

In determining the useful economic life of property, plant and equipment, judgement needs to be exercised in estimating the length of time that assets will be operational. Judgements are also required regarding the valuation of property, plant and equipment, the classification of specialist/non-specialist assets and in determining residual values.

The carrying value of property, plant and equipment at Group level, at 31 March 2023, totalled £33.3m, see note 25 for further details.

Fair value of Equity Mortgages

Equity Mortgages are held as non-current financial instruments valued at fair value through profit and loss. These are amounts receivable individually from the private owners of housing units when their properties are sold and are secured by a second charge over their property.

Equity mortgages are valued with reference to published house price indices. For equity interests in housing units, the fair value at the balance sheet date is calculated using movements in the Land Registry house price index for the London region, this being the most relevant available observable market data. At 31 March 2023 the asset recognised on the balance sheet was £32.4m. See note 29 for further details

Fair Value of Loan Investments

Loan investments classified as fair value through profit loss, held by GLAP, include two loans totalling £22.5m which are valued with reference to the net value of the underlying asset portfolio. The valuation of this portfolio is determined with reference to assumptions such as rental growth index, house price growth and discount rates.

Financial Instruments – Allowances for Impairment Losses

Expected credit loss allowances (ECL) reflect past performance, current conditions and the Group's view of economic conditions over the expected lives of financial assets, notably loan investments and trade receivables held at amortised cost.

Definition of default

The probability of default (PD) of an exposure, both over a 12-month period and over its lifetime, is a key input to the measurement of the ECL allowance. Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due or has failed to comply with key financial covenants and other performance obligations in development agreements.

E20 Stadium LLP Onerous Contract Provision

The methodology used to estimate the onerous contract provision uses revenues, costs and overheads that are directly attributable to the West Ham United Football Club and UK Athletics agreements and the discount rate used reflects a risk-free rate (based on Government gilt rates at the reporting date. Variations in these inputs could have a material impact upon the value of the provision. The provision is currently estimated at £185.8m (Note 41).

East Bank Provision

The East Bank provision is based upon LLDC's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, in respect of the East Bank development. Accordingly, LLDC has used estimates of the future cost of delivering the buildings to determine the value of the related provisions. These are based on a variety of assumptions, including construction prices, which may vary and impact upon the level of provision required and, therefore, the associated movements through the Comprehensive Income and Expenditure Accounts.

If actual results differ from assumptions, then there may be the need for the provision to be increased, with a consequential impact upon the CIES. For example, a 10 per cent increase in the estimated value of East Bank provision at 31 March 2022 would result in a £22.5m charge to the CIES.

Post-retirement benefits

The estimation of the net pensions asset or liability depends on complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The assumptions made and sensitivity analysis, are provided in Note 21. At 31 March 2023, the carrying value of the net pensions assets, totalled £35m (for GLA and LLDC) and a net pensions liability of £238k for OPDC (Note 21).

Judgements

Council tax accounting

The Authority's share of the actual 2022-23 council tax surplus is £13.6m (Note 14). This is based on unaudited figures from the 32 London boroughs and the City of London Corporation. Any post audit amendments on Council Tax are incorporated into the following year's accounts.

The Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 sets out the methodology for determining the Authority's attributable share of council tax and non-domestic debtors and creditors. It is an estimate based on the demand/precept proportions for the next financial year. Any post audit amendments on Council Tax are incorporated into the following year's accounts.

Business rates accounting

The amounts recorded for retained business rates in respect of 2022-23 are derived from the National Non-Domestic Rates 3 (NNDR3) outturn returns which has been received by the GLA from the capital's 33 local billing authorities and certified by their section 151 officers as at 9 June 2023. The NNDR3 returns for 2022-23 used in the GLA's final accounts are based on these draft versions which are subject to change should corrections be required prior to or following the publication of each billing authority's final audited accounts. The assumption is that the data used will be materially consistent with the GLA's share of the income, expenditure and balances reported in the collection fund statements within the draft statutory accounts of each billing authority.

The GLA is undertaking further analytical review work on these returns in consultation with billing authorities given the impact on business rates arising from the legacy impact of the COVID-19 pandemic and the fact that many still require their 2021-22 – and in some cases 2020-21 and in a limited number of cases 2019-20 - accounts, including their collection fund data, to be signed off by their external auditors, so there may be adjustments relating to prior years still to be made.

The final statutory accounts will incorporate, where practical and material, amendments made compared to these draft figures where these have been advised to the GLA on a timely basis in advance of the publication of the GLA's audited accounts. Any variations arising from the final NNDR3 returns not received by the date the authority's accounts are approved will generally be incorporated in the cumulative balances, accruals, non-domestic rating income figures and provisions in the following year's statutory accounts.

Under statutory regulations the aggregate sums reported by billing authorities provide the source data for these estimates and provisions and determine the income and potential levy and safety net payments to or from the Secretary of State that the GLA is required to provide for and recognise. The instalments payable to the GLA during the financial year and used for budgeting purposes are calculated based on the National Non-Domestic Rates 1 estimates submitted by the 31 January prior to the start of the financial year.

The most significant provision relates to the estimate for potential refunds to ratepayers arising from successful non-domestic rating appeals and other changes to the valuation list relating both to the 2022-23 financial year and for backdated amounts for prior accounting periods. In estimating their provision, each London billing authority will have had regard to the settlement rates of historical appeals and the level of challenges unresolved at the financial year end as well as risks of future challenges which have a backdated impact including those arising from material changes of circumstances (MCC) in relation to a hereditament or its locality. Billing authorities have also generally considered the case for incorporating an estimate for the potential impact of challenges and appeals not lodged by the balance sheet date and made an assessment as to their potential materiality as part of the determination of their final provision estimates.

The GLA has considered the possibility that billing authorities may have under or over provided for the impact of challenges to valuations. Over provisions may arise where the Valuation Office and Valuation Tribunal rejects a greater proportion of challenges than anticipated because it considers that the rating list is generally accurate or successful appeals are backdated to an earlier

reference date. Under provisions may occur if a higher proportion of the rating list is ultimately challenged successfully by ratepayers or there may be changes to national rating policies for certain business sectors which have a greater material impact in some billing authorities.

In addition, there is also a provision for non-collection of NNDR income (i.e., the impairment of doubtful debts). Billing authorities will have had regard to proper accounting practice and guidance in relation to the calculation of these provisions taking into account their local circumstances.

In setting their baseline forecasts for business rates income at the start of the 2010 rating list the Office of Budget Responsibility and the then Department for Communities and Local Government assumed a 5% calibration adjustment factor for potential reductions to rates income due to factors such as rating appeals over the period of a rating list. The Government also applied a further adjustment factor of 3 per cent in calculating the business rates baselines for 2013-14 – the first year of the rates retention system - to allow for outlier authorities where the risk of appeals might be considered to be greatest. For those authorities accounting for the largest proportion of the GLA's income the provisions made exceed these percentage rates assumed by central government. For the 2017 rating list which came into force on the 1 April 2017 and ceased with effect from 31 March 2023 the Government assumed an average 4.5 per cent reduction due to losses on appeals over the life of the list when setting the NNDR multiplier.

The GLA considers that based on its initial assessment the appeals provisions made appear reasonable having regard to the risks associated with business rates retention, the fact that it is supported by Valuation Office data on checks, challenges and assessment reviews against the 2010 and 2017 local rating lists at 31 March 2023, and that billing authorities have had regard to Accounting Standards and their knowledge of historic trends in relation to the variation in the rating list in preparing their estimates.

The GLA has also made an estimate as to the levy on business rates growth it will be required to pay to the government in respect of 2022-23 and has accrued for this as a creditor in its accounts.

London Fire Commissioner (LFC)

In January 2016, the Government announced its decision to abolish the previous London Fire and Emergency Planning Authority (LFEPA) and make the Mayor directly responsible for fire and rescue services. The Policing and Crime Act 2017 replaced LFEPA with a London Fire Commissioner and a Deputy Mayor for Fire. The London Fire Commissioner was established as a corporation sole and new functional body from 1 April 2018.

LFC is the fire and rescue authority for London. It is responsible for providing London's fire and rescue service, ensuring that it is effective and efficient. All formal decisions about London Fire Brigade (LFB) are made by the LFC, though some decisions may need to receive prior approval from, or be consulted on, with the Deputy Mayor for Fire and Resilience or the Mayor of London.

A review of the governance arrangements was undertaken by management to determine whether the new arrangements meant LFC was now controlled by the GLA and, in accordance with IFRS 10, be consolidated in the GLA's group accounts. The review found that while the GLA has had more control over the LFB in the period since the change of governance arrangements on 1 April 2018 than it did previously, there are no direct benefits accruing to the GLA from this oversight, as the LFB primarily remains part of a nationwide fire service. Furthermore, operational control of the LFB clearly rests with the London Fire Commissioner rather than the GLA. While the GLA may provide some policy and resource oversight, as well as a challenge function, most of the LFB's activities continue as before – in an operational sense – without reference back to the GLA. In management's judgement the governance arrangements do not bring the LFC under the Authority's control and it will therefore not form part of the GLA's group accounts going forward.

Leases

In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held or have been transferred by the Group. Given that finance lease obligations/receivables are recognised as liabilities/assets, and operating lease obligations/receivables are not, this can have a significant effect on the reported financial position of the Group.

At 31 March 2023 the carrying values of finance lease receivables at Group level were significant, totalling £50.5m, see note 35 for further details.

Determining whether an arrangement contains a lease

When determining whether an arrangement contains a lease, as required by IFRIC 4, judgement needs to be exercised in determining whether the arrangement conveys the right to use an asset. Given that this could result in additional finance leases being recognised on the Balance Sheet this can have a significant effect on the reported financial position of the Group.

Financial instruments - Classification

The classification decision for non-equity financial assets under IFRS 9, is dependent on two key criteria:

- The business model within which the asset is held (the business model test), and
- The contractual cash flows of the asset (the SPPI test).

Determining the appropriate business model and assessing whether the cash flows generated by an asset consist solely of payments of principal and interest requires management judgement and can affect whether the financial instrument is held at amortised cost or fair value and whether changes in fair value are recognised in the Income and Expenditure Account or in Other Comprehensive Income.

6. Authorisation of the Statement of Accounts

The Statement of Accounts was authorised for issue on the date the Acting Chief Finance Officer certified that the accounts give a true and fair view of the financial position of the Authority at the year-end; and its income and expenditure, see the “Statement of Responsibilities for the Statement of Accounts”. This is the date up to which events after the balance sheet date have been considered (Note 54).

7. Expenditure and Income analysed by nature

The Authority's expenditure and income is analysed as follows:

	2022/23 £000	2021/22 £000
Expenditure		
Employee benefits expenses	106,513	115,243
Other service expenses	5,508,891	4,441,906
Depreciation, amortisation and impairment	3,892	3,212
Interest payments and similar charges	215,869	170,106
Precepts and other payments to Functional Bodies	1,135,384	1,020,766
Non-domestic rates levy and pool contribution	13,616	52,441
BRR Tariff Payment	748,317	812,353
Total Expenditure	7,732,482	6,616,027
Income		
Government grants and other contributions	(2,269,136)	(1,981,959)
Income from council tax and non-domestic rates	(4,223,513)	(3,869,043)
Fees, charges and other service income	(58,018)	(133,060)
Interest and investment income	(127,106)	(66,325)
Total Income	(6,677,773)	(6,050,387)
(Surplus) or Deficit on Provision of Service	1,054,709	565,640

8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis (“EFA”) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

2021/22			Authority	2022/23		
Net Exp Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Exp in the CIES*		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Exp in the CIES*
£000	£000	£000		£000	£000	£000
7,890	1,118	9,008	Assembly & Secretariat	7,511	471	7,982
26,802	1,599	28,401	Chief Officer	7,025	358	7,383
31,494	22,719	54,213	Communities & Skills	25,330	20,870	46,201
59,294	41,486	100,780	Good Growth	69,839	53,502	123,340
20,298	976,676	996,974	Housing & Land	35,093	2,103,734	2,138,827
5,487	1,809	7,296	Mayor's Office	5,525	647	6,172
36,950	103,723	140,673	Resources	32,941	109,983	142,924
22,486	4,164	26,650	Strategy & Communications	23,867	1,608	25,475
(23,170)	1,131	(22,039)	Adult Education	(12,629)	405	(12,224)
397,901	(340,576)	57,325	Corporate & Group Items	466,776	(401,490)	65,286
585,432	813,849	1,399,281	Net Cost of Services	661,278	1,890,088	2,551,366
(111,199)	(722,442)	(833,641)	Other Income and Expenditure	40,259	(1,536,916)	(1,496,657)
474,233	91,407	565,640	Surplus or Deficit	701,537	353,172	1,054,709
(2,346,318)			Opening General Fund Balance	(1,872,085)		
474,233			Less/Plus Surplus or (Deficit)	701,537		
(1,872,085)			Closing General Fund Balance	(1,170,548)		

*CIES-Comprehensive Income and Expenditure Account

8a. EFA – Adjustments between funding and accounting basis

Authority 2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Assembly & Secretariat	-	499	(28)	471
Chief Officer	-	425	(67)	358
Communities & Skills	19,433	1,394	44	20,871
Good Growth	51,307	2,321	(125)	53,503
Housing & Land	2,101,803	1,645	285	2,103,733
Mayor's Office	-	635	12	647
Resources	108,709	1,422	(148)	109,983
Strategy & Communications	105	1,475	27	1,607
Adult Education	-	359	46	405
Corporate and Group Items	3,892	-	(405,382)	(401,490)
Net Cost of Services	2,285,249	10,175	(405,336)	1,890,088
Other Income and Expenditure from the Expenditure and Funding Analysis	(645,842)	(225)	(890,849)	(1,536,916)
Difference between surplus or deficit on the General Fund and the CIES	1,639,407	9,950	(1,296,185)	353,172

Authority 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Net change			
	Adjustments	for the		Total
	for Capital Purposes £000	Pensions Adjustments £000	Other Differences £000	Adjustments £000
Assembly & Secretariat	-	1,211	(93)	1,118
Chief Officer	-	1,544	55	1,599
Communities & Skills	19,171	3,524	24	22,719
Good Growth	34,544	7,016	(74)	41,486
Housing & Land	971,369	4,883	425	976,677
Mayor's Office	-	1,766	43	1,809
Resources	100,000	3,671	52	103,723
Strategy & Communications	-	4,217	(53)	4,164
Adult Education	-	1,136	(6)	1,130
Corporate and Group Items	3,212	-	(343,788)	(340,576)
Net Cost of Services	1,128,296	28,968	(343,415)	813,849
Other Income and Expenditure from the Expenditure and Funding Analysis	(8,019)	5,430	(719,853)	(722,442)
Difference between surplus or deficit on the General Fund and the CIES	1,120,277	34,398	(1,063,268)	91,407

9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice, and to the resources that are specified by statutory provisions as being available to the Group.

Group 2022/23

	USABLE RESERVES			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs transferred to/(from) the Pensions Reserve	(13,803)	-	-	(13,803)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	2,005	-	-	2,005
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	923,864	-	-	923,864
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	239	-	-	239
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,769,821)	-	-	(2,769,821)
Total Adjustments to Revenue Resources	(1,857,516)	-	-	(1,857,516)
Adjustments between Revenue and Capital Resources				
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	382,038	(382,038)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	710,073	-	(593,015)	117,058
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	283,909	-	-	283,909
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	121,137	-	-	121,137
Total Adjustments between Revenue and Capital Resources	1,497,157	(382,038)	(593,015)	522,104
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	13,061	-	1,844,691	1,857,752
Cash receipts in relation to long term capital debtors	-	(42,308)	-	(42,308)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	401,143	-	401,143
Total Adjustments to Capital Resources	13,061	358,835	1,844,691	2,216,587
Total Adjustments	(347,298)	(23,203)	1,251,676	881,175

Group

Adjustments between Accounting Basis and Funding Basis under Regulations

2021/22

	USABLE RESERVES			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs transferred to/(from) the Pensions Reserve	(40,277)	-	-	(40,277)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	1,905	-	-	1,905
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	707,313	-	-	707,313
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	226	-	-	226
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,697,779)	-	-	(1,697,779)
Transfer of net income/expenditure to the BRS account	(106,138)	-	-	(106,138)
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	106,138	-	-	106,138
Total Adjustments to Revenue Resources	(1,028,612)	-	-	(1,028,612)
Adjustments between Revenue and Capital Resources				
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	156,453	(156,453)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	488,864	-	(386,641)	102,223
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	225,522	-	-	225,522
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	117,553	-	-	117,553
Total Adjustments between Revenue and Capital Resources	988,392	(156,453)	(386,641)	445,298
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	-	-	1,022,026	1,022,026
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(57,989)	-	(57,989)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	66,893	29,908	-	96,801
Total Adjustments to Capital Resources	66,893	(28,081)	1,022,026	1,060,838
Total Adjustments	26,673	(184,534)	635,385	477,524

Authority

Adjustments between Accounting Basis and Funding Basis under Regulations

2022/23

	USABLE RESERVES			
	General	Capital	Capital	Movement
	Fund	Receipts	Grants	in Usable
	Balance	Reserve	Unapplied	Reserves
	£000	£000	£000	£000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs transferred to/(from) the Pensions Reserve	(9,950)	-	-	(9,950)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	2,005	-	-	2,005
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	923,864	-	-	923,864
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	292	-	-	292
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,649,818)	-	-	(2,649,818)
Total Adjustments to Revenue Resources	(1,733,607)	-	-	(1,733,607)
Adjustments between Revenue and Capital Resources				
Transfer of capital grant reclaims & other capital receipts from revenue to the Capital Receipts Reserve	382,038	(382,038)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	593,015	-	(593,015)	-
Statutory provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	283,909	-	-	283,909
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	121,473	-	-	121,473
Total Adjustments between Revenue and Capital Resources	1,380,435	(382,038)	(593,015)	405,382
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	-	-	1,844,691	1,844,691
Capital receipts used to finance capital expenditure	-	401,143	-	401,143
Cash receipts in relation to capital debtors	-	(42,308)	-	(42,308)
Total Adjustments to Capital Resources	-	358,835	1,844,691	2,203,526
Total Adjustments	(353,172)	(23,203)	1,251,676	875,301

Authority

Adjustments between Accounting Basis and Funding Basis under Regulations

2021/22

	USABLE RESERVES			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs transferred to/(from) the Pensions Reserve	(34,397)	-	-	(34,397)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	1,905	-	-	1,905
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	707,312	-	-	707,312
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	73	-	-	73
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,653,180)	-	-	(1,653,180)
Total Adjustments to Revenue Resources	(978,287)	-	-	(978,287)
Adjustments between Revenue and Capital Resources				
Transfer of capital grant reclaims from revenue to the Capital Receipts Reserve	156,453	(156,453)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	386,641	-	(386,641)	-
Statutory provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	225,522	-	-	225,522
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	118,264	-	-	118,264
Total Adjustments between Revenue and Capital Resources	886,880	(156,453)	(386,641)	343,786
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	-	-	1,022,026	1,022,026
Capital receipt and capital grant financing swap	-	-	-	-
Capital receipts used to finance capital expenditure	-	8,904	-	8,904
Cash receipts in relation to capital debtors	-	(36,985)	-	(36,985)
Total Adjustments to Capital Resources	-	(28,081)	1,022,026	993,945
Total Adjustments	(91,407)	(184,534)	635,385	359,444

10. Transfers to/from Earmarked Reserves – Authority

This note sets out the amounts set aside, by the Authority, from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in year.

	Balance at 1 April 2021	Transfers In	Transfers Out	Balance at 31 March 2022	Balance at 31 March 2022	Transfers In	Transfers Out	Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000	£000
GLA Reserves								
Assembly Development & Resettlement	1,260	640	(299)	1,601	1,601	-	-	1,601
Capital Programme	41,742	62	(7,809)	33,995	33,995	-	(30,476)	3,519
Compulsory Purchase Orders	1,329	-	-	1,329	1,329	-	-	1,329
Development	1,044	1,002	-	2,046	2,046	500	(1,493)	1,053
Dilapidations	10,000	-	(3,500)	6,500	6,500	-	-	6,500
Directorate (Programme reserve)	71,007	11,273	(19,502)	62,777	62,777	30,876	(35,386)	58,267
Election	21,821	6,935	(22,073)	6,684	6,684	6,800	(365)	13,119
Environment Drainage	728	-	-	728	728	-	-	728
Estates	832	-	-	832	832	-	-	832
Interest Smoothing	4,953	9,539	-	14,492	14,492	-	31,000	45,492
Land Fund	9,241	-	(927)	8,314	8,314	-	(800)	7,514
London and Partners	2,245	-	-	2,245	2,245	-	-	2,245
London Green Fund Reserve	357	736	-	1,093	1,093	274	(1,093)	274
Major Events	16,955	500	(6,442)	11,013	11,013	2,739	(2,198)	11,554
Mayoral Resettlement	77	-	-	77	77	-	-	77
New Homes Bonus LEP grant reserve	1,570	-	(483)	1,087	1,087	-	(357)	730
New Museum Project	16,000	3,000	-	19,000	19,000	3,000	-	22,000
Planning Smoothing	198	-	-	198	199	-	-	199
Pre-Application Planning	2,696	-	-	2,696	2,696	-	-	2,696
Recycled Capital Grant Fund Interest reserve	82	62	-	144	144	-	-	144
Redundancy	248	2,000	(497)	1,751	1,751	-	(784)	967
Revenue Grants Unapplied	77,965	103,761	(70,251)	111,475	111,475	114,421	(84,095)	141,801
Right to Buy Revenue Grant	19,047	1,220	(3,287)	16,980	16,980	-	(3,590)	13,390
Sport Unites	2,760	-	(1,604)	1,156	1,155	9,124	(5,124)	5,155
The Royal Docks Enterprise Zone Reserve	5,975	-	(1,708)	4,267	4,267	-	(2,868)	1,399
Young Londoners Fund Reserve	35,921	-	(8,612)	27,309	27,309	24,000	(21,467)	29,842
Climate Emergency Funding Reserve	-	-	-	-	-	90,000	-	90,000
Sub-Total	346,054	140,729	(146,993)	339,790	339,789	281,734	(159,096)	462,427
GLA Group Reserves								
Business Rates Reserve	1,634,018	750,275	(1,376,964)	1,007,329	1,007,329	177,383	(984,421)	200,291
Development Corporations (MDC*)	35,706	-	(19,119)	16,587	16,587	15,298	(15,467)	16,418
Strategic Investment Fund	75,102	-	(17,276)	57,827	57,827	-	(13,213)	44,614
Northern Line Extension Reserve	-	63,707	-	63,707	63,707	5,276	(9,922)	59,061
Transport Services funding reserve	-	216,900	-	216,900	216,900	105,000	(34,000)	287,900
LLDC Capital Funding Reserve	245,437	13,132	(100,000)	158,569	158,569	-	(82,909)	75,660
OPDC Flexibility Reserve	-	1,377	-	1,377	1,377	12,800	-	14,177
Sub-Total	1,990,264	1,045,391	(1,513,359)	1,522,296	1,522,296	315,757	(1,139,932)	698,121
Total Earmarked Reserves	2,336,318	1,186,120	(1,660,352)	1,862,086	1,862,086	597,491	(1,299,028)	1,160,548

*MDC Mayoral Development Corporation

The purpose of each reserve is detailed below:

GLA Reserves

The **Assembly Development and Resettlement Reserve** exists to ensure adequate funding is built up for future pay settlements, reviews and resettlement grants for the Assembly and Secretariat Directorate.

The **Capital Programme Reserve** provides a source of funding for those capital projects falling outside the programmes in housing and regeneration which are directly funded by Government grant.

The **Climate Emergency Funding Reserve** provides a source of funding for high-impact green investment opportunities for the public and private sector; and support for the GLA Green Bond programme, financing direct decarbonisation investment by the GLA Group and its strategic partners as part of the Mayor's Green Financing facility.

The **Compulsory Purchase Orders Reserve** has been created to provide for estimated future costs related to the settlement of a number of significant programmes inherited by a statutory transfer scheme from the London Development Agency.

The **Development Reserve** exists to fund organisational change and business improvement projects.

The **Dilapidations Reserve** exists to fund repairs required at the end of the GLA tenancy lease at the current City Hall.

The **Directorate (Programme Reserve)** represents underspends on directorate and budgets carried forward to fund projects that were delayed and are due to start or be completed within the next financial year.

The **Election Reserve** exists to fund the Mayor and Assembly elections when they fall due every four years.

The **Environment Drainage Reserve** has been created to earmark the funding received from central government for the preparation of surface water management plans.

The **Estates Reserve** has been created to fund exceptional repairs and maintenance works across the GLA Estate, works undertaken at Parliament and Trafalgar Squares and the development of land and property schemes.

The **Interest Smoothing Reserve** has been created to manage fluctuations in interest receipts.

The **Land Fund Reserve** has been created to hold the fund for future revenue works required where it does not meet the conditions of the capital grant receipts from DLUHC approved under MD2396.

The **London and Partners Reserve** has been created to ensure that adequate funding is built up for future reviews of the organisation.

The **London Green Fund Reserve** exists to fund schemes that cut London's carbon emission.

The **Major Events Reserve** represents sums set aside to build up resources for future events.

The **Mayoral Resettlement Reserve** funds the resettlement grants paid to the former Mayor following the Mayoral elections.

The **New Homes Bonus LEP grant reserve** consists of New Homes Bonus grant that has been set aside to fund revenue expenditure that will be incurred by London Boroughs on regeneration schemes in future years.

The **New Museum Project Reserve** has been created to ensure adequate funding is accumulated to meet future costs relating to the proposed relocation of the Museum of London.

The **Planning Smoothing Reserve** has been created to smooth the funding of the Examination in Public of the London Plan and other planning functions.

The **Pre-Application Planning Reserve** carries forward surplus pre-application planning income to fund the running costs of the Pre-Application Planning service in future years.

The **Recycled Capital Grant Fund Interest** reserve holds interest received on unutilised capital grants that have been returned for redistribution.

The **Redundancy Reserve** has been created to fund restructuring costs.

The **Revenue Grants Unapplied Reserve** contains grants and contributions received that have no repayment conditions attached. Where expenditure has not yet been incurred this income is rolled forward and will be released when expenditure is incurred on the relevant project or initiative.

The **Right to Buy (RTB) Revenue Grant Reserve** holds grants received for expenditure towards the Mayor's Homes for Londoners: Affordable Homes Programme.

The **Sport Unites Reserve** exists to support the Mayor's community sports initiatives which are currently under development.

The **Royal Docks Enterprise Zone Reserve** manages the funding flows of the Royal Docks Programme, which is a joint initiative from the Mayor and the London Borough of Newham to develop the Royal Docks area in the east of London. The project will create jobs and new homes and promote cultural and economic development of the Docks on a local, regional and international level over the coming years.

The **Young Londoners' Fund Reserve** exists to support the Mayor's £45 million Young Londoners' Fund is helping children and young people to fulfil their potential, particularly those at risk of getting caught up in crime. It is supporting a range of education, sport, cultural and other activities for young Londoners.

GLA Group Reserves

The **Business Rates Reserve** (formerly the Resilience Reserve) has been created to manage special risks to which the GLA is exposed as a result of the timing and the potential quantum of changes to the council tax base, retained business rates income, relative collection fund shares for both council tax and business rates, and government grant settlements as well as wider volatility in those key income streams such as the timing and phasing of the repayment of collection fund deficits including those arising from the business rates relief schemes funded by the government during the Covid-19 pandemic.

The **Development Corporation Reserve** has been created to ensure that adequate contingency funding is available for unexpected costs relating to Mayoral Development Corporations.

The **Strategic Investment Fund Reserve** exists to support the Mayor's commitment to spend additional income generated from the London business rates retention pooling arrangements in 2018-19 and 2019-20 on strategic investment projects which will contribute to the sustainable growth of London's economy. This has been allocated in full to fund various strategic investment projects and is therefore due to be reduced to a nil balance as the approved funding is drawn down.

The **Northern Line Extension Reserve** (NLE reserve) manages volatility in revenues from business rates growth and developer contributions from the Battersea and Nine Elms regeneration area relating to the financing and repayment of the Authority's NLE related borrowing.

The **Transport Services Funding Reserve** (TSFR) manages the phasing of certain funds raised in business rates and council tax which have been approved by the Mayor for transport services prior to their application for this purpose.

The **LLDC Capital Funding Reserve** provides a source of funding for revenue grants to LLDC for the financing of future LLDC capital expenditure.

The **OPDC Mayoral Development Corporation (MDC) Flexibility Reserve** has been created to ensure that adequate contingency funding is available for unexpected costs relating to Old Oak and Park Royal Corporation (OPDC).

11. Other Operating Expenditure

Sections 102 and 103 of the Greater London Authority Act 1999 (as amended) require the Greater London Authority to pay over to the functional bodies, their share of government grants and precepts required to fund their budget requirements, as calculated under section 85(4) to (7) of the aforementioned Act. The table below sets out the allocation of the council tax precepts and retained business rates to the functional bodies. The allocation of specific and general government grants to the functional bodies is shown in the Fund Account. Business rates payments to the Functional Bodies form part of the cost of services analysis in the CIES. It also reports on LLDC's activities in relation to the sale and holding of land and buildings as trading stock (Inventories).

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Precept payable to the Functional Bodies	1,135,384	1,135,384	1,020,766	1,020,766
Fire Services	245,254	245,254	234,941	234,941
Police Services	65,393	65,393	27,900	27,900
Transport Services	2,208,990	2,208,990	2,334,230	2,334,230
Inventories-Increase/(decrease) to net realisable value (LLDC)	-	-	-	(2,159)
Inventories-(Gain)/loss on disposal (LLDC)	-	(507)	-	(6,787)
Total	3,655,021	3,654,514	3,617,837	3,608,891

12. Financing and Investment Income and Expenditure

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Interest payable and similar charges	216,094	204,981	164,676	165,903
Other investment Expenditure	-	6,978	-	23,128
Net interest on the net defined liability	(225)	749	5,430	6,307
Interest receivable and similar income	(127,106)	(103,011)	(57,065)	(44,949)
Net (gain)/loss from financial assets at fair value through profit and loss	-	(3,916)	(12,224)	(60,611)
Net (gain)/loss from financial assets at fair value through other comprehensive income	-	-	2,964	2,964
Unwinding of provision discount	-	-	-	3,065
Income and expenditure in relation to investment properties	-	24,101	-	19,393
Total	88,763	129,882	103,781	115,200

13. Taxation and Non-Specific Grant Income and Expenditure

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Precept receivable from Council Tax payers	(1,226,884)	(1,226,884)	(1,110,132)	(1,110,132)
Non-domestic rate income	(2,746,036)	(2,746,036)	(2,538,114)	(2,538,114)
Non-domestic rate - prior year income	(5,525)	(5,525)	-	-
Non-domestic rate tariff payment	748,317	748,317	812,353	812,353
Non domestic rate levy and pool contribution	13,616	13,616	52,441	52,441
Business Rate Supplement - Crossrail	(245,068)	(245,068)	(210,342)	(210,342)
Community Infrastructure Levy - Crossrail	(185,364)	(185,364)	(154,836)	(154,836)
Non-ringfenced revenue government grants (see Note 16)	(572,192)	(572,192)	(814,688)	(814,688)
Capital grants and contributions (see Note 16)	(1,021,305)	(1,029,653)	(591,942)	(594,468)
Total	(5,240,441)	(5,248,789)	(4,555,260)	(4,557,786)

14. Council Tax Precepts

The CIES contains the 2022-23 council tax precept issued by the Greater London Authority on the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of Council Tax. In the Movement in Reserves Statement the 2022-23 share of the council tax net surplus or deficit on their collection funds is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the cash received in 2022-23 for the Authority's estimated share of the 2021-22 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2022 - is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in this table:

	2022-23 Precept Demand	2022-23 (surplus) / deficit	2022-23 Precept recognised in CIES	Share of 2021-22 Estimated (Surplus) / Deficit	2021-22 Precept Demand	2021-22 (surplus) / deficit	2021-22 Precept recognised in CIES	Share of 2020-21 Estimated (Surplus) / Deficit
	£000	£000		£000	£000			£000
Corporation of London	(985)	(80)	(1,065)	(27)	(789)	(68)	(856)	(56)
Barking & Dagenham	(20,602)	490	(20,112)	(546)	(18,545)	(791)	(19,336)	(968)
Barnet	(59,668)	499	(59,169)	(356)	(53,856)	(148)	(54,004)	260
Bexley	(32,464)	(230)	(32,694)	556	(29,726)	1,174	(28,552)	227
Brent	(39,057)	(2,627)	(41,684)	519	(35,802)	(561)	(36,364)	773
Bromley	(52,751)	(3,557)	(56,308)	(2,878)	(48,013)	(1,007)	(49,019)	(778)
Camden	(35,690)	(1,885)	(37,575)	831	(32,048)	(232)	(32,280)	1,278
Croydon	(53,947)	163	(53,784)	325	(47,254)	(337)	(47,592)	561
Ealing	(46,936)	(842)	(47,778)	(95)	(42,598)	(145)	(42,744)	796
Enfield	(38,123)	1,695	(36,428)	(22)	(33,808)	(1,902)	(35,710)	1,175
Greenwich	(33,109)	(1,554)	(34,663)	0	(30,132)	(1,548)	(31,680)	(888)
Hackney	(29,266)	(1,175)	(30,441)	366	(26,198)	(79)	(26,277)	453
Hammersmith & Fulham	(32,542)	648	(31,894)	(222)	(29,431)	(141)	(29,572)	453
Haringey	(31,371)	(619)	(31,990)	402	(27,836)	(799)	(28,635)	(213)
Harrow	(35,122)	(196)	(35,318)	57	(31,779)	(633)	(32,412)	(60)
Havering	(35,362)	38	(35,324)	(184)	(32,090)	238	(31,853)	185
Hillingdon	(41,078)	904	(40,174)	973	(37,119)	157	(36,963)	308
Hounslow	(34,325)	(814)	(35,139)	(401)	(31,270)	(1,602)	(32,872)	9
Islington	(31,718)	(223)	(31,941)	(316)	(28,270)	(1,211)	(29,481)	(30)
Kensington & Chelsea	(38,483)	139	(38,344)	990	(35,275)	(1,055)	(36,331)	879
Kingston Upon Thames	(25,001)	(208)	(25,209)	121	(22,858)	(222)	(23,080)	123
Lambeth	(43,974)	(49)	(44,023)	(797)	(40,320)	(791)	(41,111)	(36)
Lewisham	(35,170)	(213)	(35,383)	624	(32,225)	(94)	(32,320)	437
Merton	(29,968)	(664)	(30,632)	(794)	(26,991)	(702)	(27,693)	249
Newham	(32,388)	(2,569)	(34,957)	1,615	(29,215)	1,104	(28,111)	940
Redbridge	(35,945)	222	(35,723)	(33)	(32,829)	29	(32,801)	93
Richmond Upon Thames	(35,090)	(352)	(35,442)	(183)	(32,179)	(55)	(32,234)	60
Southwark	(42,434)	(535)	(42,969)	(91)	(38,431)	244	(38,187)	1,114
Sutton	(29,063)	211	(28,852)	(357)	(26,335)	(710)	(27,044)	192
Tower Hamlets	(42,808)	801	(42,007)	1,361	(37,301)	629	(36,673)	860
Waltham Forest	(31,099)	(700)	(31,799)	(560)	(27,893)	(892)	(28,785)	200
Wandsworth	(54,603)	(1,695)	(56,298)	(1,056)	(49,481)	(1,238)	(50,719)	(401)
City of Westminster	(53,428)	1,663	(51,765)	118	(48,664)	(180)	(48,844)	(142)
Amounts receivable	(1,213,570)	(13,314)	(1,226,884)	(60)	(1,096,562)	(13,570)	(1,110,132)	8,054

15. Non-Domestic Rates income (NDR)

The CIES contains the Authority's share of 2022-23 non-domestic rates estimated collectable by the 32 London boroughs and the City of London Corporation when the 2022-23 original budget was set and the Authority's share of the actual net surplus or deficit on their collection funds in respect of non-domestic rates. In the Movement in Reserves Statement the 2022-23 share of the actual net surplus or deficit in respect of non-domestic rates is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2021-22 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2022 used for budgeting purposes - is brought in as the amount required by statute to be credited to the General Fund. An analysis of the NDR income received in 2022-23 and 2021-22 is contained in this table:

	2022-23 NDR Income	2022-23 (Surplus) / Deficit	2022-23 NDR income recognised in CIES	Share of 2021-22 Estimate (Surplus) £000	2021-22 NDR Income*	2021-22 (Surplus) / Deficit	2021-22 NDR income recognised in CIES **	Share of 2020-21 Estimated (Surplus) / Deficit £000
	£000	£000	£000	£000	£000	£000	£000	£000
Corporation of London	(395,878)	(35,639)	(431,517)	46,495	(435,011)	31,432	(403,579)	51,561
Barking & Dagenham	(22,177)	1,237	(20,940)	4,283	(23,731)	4,272	(19,459)	8,526
Barnet	(30,747)	(5,557)	(36,304)	21,643	(42,199)	3,047	(39,152)	27,356
Bexley	(25,779)	(150)	(25,929)	7,647	(28,953)	4,406	(24,547)	11,131
Brent	(41,568)	(2,396)	(43,964)	20,511	(48,950)	9,934	(39,016)	22,033
Bromley	(30,959)	1,003	(29,956)	6,928	(35,808)	11,433	(24,375)	21,231
Camden	(187,044)	14,698	(172,346)	56,417	(238,746)	27,515	(211,231)	79,254
Croydon	(37,926)	1,888	(36,038)	9,358	(46,228)	7,283	(38,945)	23,825
Ealing	(47,384)	755	(46,629)	18,225	(55,829)	14,688	(41,141)	22,075
Enfield	(35,089)	(1,167)	(36,256)	4,531	(38,747)	5,102	(33,645)	16,137
Greenwich	(26,254)	(5,648)	(31,902)	7,905	(35,217)	4,298	(30,919)	22,354
Hackney	(47,125)	(3,422)	(50,547)	3,769	(53,913)	3,304	(50,609)	20,441
Hammersmith & Fulham	(72,389)	(10,064)	(82,453)	15,538	(84,042)	14,328	(69,714)	47,786
Haringey	(22,498)	(2,301)	(24,799)	15,016	(27,302)	656	(26,646)	17,113
Harrow	(15,797)	(1,057)	(16,854)	7,266	(18,927)	5,494	(13,433)	10,201
Havering	(25,730)	(4,480)	(30,210)	9,518	(29,542)	6,422	(23,120)	17,347
Hillingdon	(127,029)	(3,419)	(130,448)	15,770	(136,305)	11,763	(124,542)	38,568
Hounslow	(63,602)	(1,849)	(65,451)	18,556	(68,546)	4,300	(64,246)	24,806
Islington	(90,932)	(6,701)	(97,633)	29,414	(109,904)	22,895	(87,009)	28,855
Kensington & Chelsea	(109,401)	12,720	(96,681)	60,615	(129,798)	46,357	(83,441)	87,836
Kingston Upon Thames	(26,653)	2,266	(24,387)	9,408	(30,596)	6,200	(24,396)	19,654
Lambeth	(61,587)	5,360	(56,227)	13,780	(69,002)	14,885	(54,117)	31,094
Lewisham	(21,719)	59	(21,660)	9,520	(24,520)	3,721	(20,799)	13,393
Merton	(28,177)	(467)	(28,644)	4,829	(33,073)	5,671	(27,402)	16,587
Newham	(48,257)	(8,614)	(56,871)	15,284	(57,405)	14,479	(42,926)	28,179
Redbridge	(17,807)	(1,574)	(19,381)	9,002	(21,582)	7,739	(13,843)	11,629
Richmond Upon Thames	(26,903)	1,766	(25,137)	11,560	(30,965)	8,257	(22,708)	19,222
Southwark	(103,363)	(1,290)	(104,653)	30,718	(119,163)	26,124	(93,039)	39,470
Sutton	(18,795)	(142)	(18,937)	4,985	(21,543)	3,605	(17,938)	11,137
Tower Hamlets	(153,974)	17,144	(136,830)	38,069	(167,275)	(17,681)	(184,956)	41,964
Waltham Forest	(20,966)	(881)	(21,847)	5,981	(23,349)	1,779	(21,570)	11,106
Wandsworth	(35,956)	1,684	(34,272)	15,844	(42,309)	12,129	(30,180)	25,791
City of Westminster	(706,236)	15,897	(690,339)	340,782	(785,662)	250,191	(535,471)	394,053
Amounts receivable	(2,725,701)	(20,341)	(2,746,042)	889,167	(3,114,140)	576,028	(2,538,112)	1,261,715

*The 2021/22 NDR income was reported in the wrong order for the City of London to Camden (i.e. the first seven authorities). This has been corrected in the figures above. This was a presentational error only and did not affect the accounting for these numbers or the total NDR amounts receivable figure.

**A column has also been added to provide a sub-total for 21-22 accrued NDR income which adds together the 21-22 NDR income and 21-22 NDR surplus/deficit.

16. Grant Income

The Authority credited the following grants and contributions to the CIES:

Credited to Taxation & Non Specific Grant Income	2022/23 £000	2021/22 £000
Non-ringfenced government grants (Revenue):		
DLUHC* - S31 grant NDR reliefs	537,756	783,918
DLUHC - NDR national levy account surplus	4,430	-
DLUHC - Local Tax Income Guarantee - NDR	(9,964)	3,374
DLUHC - Local Tax Income Guarantee - Council Tax	-	798
DLUHC - Council Tax Support & Losses	-	25,054
DLUHC - General Services grant	36,414	-
DLUHC - Right to Buy revenue	3,548	1,220
DLUHC - Other revenue grants	8	324
	572,192	814,688
Capital grants and contributions:		
DLUHC - Capital grants (Housing)	206,191	82,128
DLUHC - East Bank	25,800	51,600
DLUHC - Housing Infrastructure Fund - Marginal Viability Funding	5,193	8,559
DLUHC - Cladding remediation grant-Social Sector	25,121	74,992
DLUHC - Cladding remediation grant-Private Sector	54,150	52,865
DLUHC - Building Safety Fund	241,417	102,898
DLUHC - Waking Watch Relief	1,089	7,113
DLUHC - Rough Sleeping Accommodation Programme	23,458	22,524
DLUHC - GLA Capital Funding	14,155	-
DOH*- Care & Support Fund	25,018	13,054
Housing Grant reclaims	381,486	147,248
London Green Fund capital receipt	553	9,173
London Boroughs contributions for Elephant & Castle roundabout	17,600	13,454
Other Contributions	74	6,334
Total	1,021,305	591,942
	1,593,497	1,406,630

	2022/23 £000	2021/22 £000
Credited to Services		
DfE* - Adult Education	351,645	345,756
DfE - Multiply	11,874	-
DfE - Skills Bootcamp	9,922	-
DLHUC - Shared Prosperity Fund	5,361	-
DLUHC - Homelessness & Rough Sleeping	14,589	23,423
DLUHC - Domestic Abuse Duty	20,745	20,689
DLUHC ERDF	4,596	6,521
DWP* - European Social Fund	17,371	12,011
DCMS - Operation London Bridge	31,540	-
Home Office	299	191
NHS* Commissioning Board	800	831
European Commission - Horizon 2020	2,948	273
LB Newham - Royal Docks Enterprise Zones	1,766	4,306
Other contributions	12,839	13,707
Total	486,295	427,708

The following grants have conditions which have not yet been met and are held as creditors in the balance sheet. They will be recognised as income in future years.

	2022/23 £000	2021/22 £000
Grants Receipts In Advance (Capital Grants)		
DLUHC - Growing Places Fund	15,230	15,230
DLUHC - Housing Infrastructure Fund - Marginal Viability Funding	4,692	4,506
DLUHC Shared Prosperity Fund	4,177	-
BEIS* - Green Homes	6,285	6,285
BEIS - Sustainable Warmth	40,237	40,237
London Borough of Southwark-S106 Elephant & Castle	7,048	19,847
Other grants	119	163
	77,788	86,268

	2022/23 £000	2021/22 £000
Grants Receipts In Advance (Revenue Grants)		
DLUHC - Rough Sleeping	9,903	7,226
DLUHC - Hong Kong Integration Programme	1,098	739
DLUHC - Shared Prosperity Fund	8,030	-
Other grants and contributions	1,511	345
	20,542	8,310

*DLUHC-Department for Levelling Up, Housing and Communities; DOH-Dept of Health & Social Care; DfE-Dept for Education; DWP-Dept for Works and Pensions; NHS-National Health Service; BEIS-Department for Business, Energy & Industrial Strategy

17. Elections

The table below contains a summary of the expenditure and income incurred in year relating to the Mayor of London and London Assembly elections in May 2021, and preparation for the May 2024 elections. All costs have been met from the Election Reserves. Most of 2022-23 Election costs are made up of a final reconciliation of London Borough claims; accrued cost for venues that did not materialise, and staffing costs.

	2022/23 £000	2021/22 £000
Gross Income	-	(395)
Gross Expenditure		
Staff	225	261
Premises	(90)	1,643
Reimbursement of London Borough costs	(79)	14,369
Supplies and Services	8	5,760
Gross Expenditure	64	22,033
Net Expenditure	64	21,638
Net contribution to/ (from) Reserves	6,436	(15,138)
Amount to be met by Grant and Taxpayer	6,500	6,500

18. Operating Leases

Authority and Group as Lessee

The Group has the following operating leases:

Greater London Authority

New and on-going leases

- Property lease – City Hall, Kamal Chunchie Way, London E16 1ZE – following the termination of the Queen’s Walk lease, the Authority moved its main headquarters to The Crystal building in the London Borough of Newham. The lease commenced on 16 November 2021 and is for a period of 25 years, with a break notice of 12 months by either party prior to the break date of 16 November 2041. There is a rent-free period of two years which commenced on 18 March 2022.
- Property lease – Union Street, London – following the termination of the Queen’s Walk lease the Authority entered into a new lease with the London Fire Brigade which increased the space occupied by the Authority to all of the ground floor and part of the first floor. The Authority previously occupied part of the ground floor.
- Co-working space agreement – the London European Office entered into a licence agreement to rent 1 desk in a co-working building in Brussels. The agreement can be ended by either party with 3 months’ notice. On the grounds of materiality the future payments under this licence are not included in the future lease rental table below.

London Legacy Development Corporation

- Property lease- LLDC leases office accommodation from TfL under a 3-year lease
- Waterways lease – rent payable to the Canal River Trust. This lease was revised on 1 January 2022 and will be revised annually thereafter with the amount due based on the number of existing outfalls, taking into account the number of new, abandoned or surrendered outfalls in the year.

The minimum lease payments due under non-cancellable leases in future years are:

	Authority 31 March 2023 £000	Group 31 March 2023 £000	Authority 31 March 2022 £000	Group 31 March 2022 £000
Not later than one year	4,650	6,951	4,641	6,749
Later than one year and not later than five years	15,451	18,439	18,448	22,482
Later than five years	22,544	55,100	24,202	57,287
	42,645	80,490	47,291	86,518

The expenditure charged to the CIES during the year in relation to these leases amounted to:

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Rent payable in year	3,896	5,375	7,683	9,007
	3,896	5,375	7,683	9,007

Authority and Group as Lessor

Details of some of the properties leased out as operating leases include:

GLA Land and Property Limited

- Thames Wharf – Dock Road and Scarab Close - the site is currently occupied by a number of industrial type occupiers comprising waste management, aggregate storage and a concrete batching facility
- Wick Lane, Poplar London - a 3 bedroomed semi-detached house
- North Middlesex Hospital – rented to an NHS Trust
- The Crystal Building – rented to the GLA

- Charles Street – occupied by an industrial type business and
- Royal Docks – Silvertown Dock, Albert Island, Thames Barrier Park – various properties currently occupied by a number of commercial and industrial type businesses

London Legacy Development Corporation

- London Aquatics Centre and Copper Box Arena - Greenwich Leisure Limited has been appointed as the operator of the Aquatics Centre and Copper Box Arena under a 10-year arrangement
- Stadium Island - leased to E20 Stadium LLP under a 102-year lease arrangement
- Here East - leased to iCITY (London) Limited over a 200-years lease
- Multi Storey Car Park: proportion of spaces leased to iCITY (London) Limited
- On and Off Park rentals: currently leased by a mixture of industrial and residential tenants
- Queen Elizabeth Olympic Park - various cafés and kiosks leased across the Park, including the Podium and Timber Lodge
- Chobham Manor - leased to Chobham Manor LLP for residential and business development over a 250-year lease.

The total minimum lease payments receivable under non-cancellable leases in future years are:

	Group 31 March 2023 £000	Group 31 March 2022 £000
Not later than one year	7,151	7,008
Later than one year and not later than five years	22,852	24,076
Later than five years	450,449	454,571
	480,452	485,655

The income credited to the CIES during the year in relation to these leases amounted to:

	Group 2022/23 £000	Group 2021/22 £000
Rent receivable in year	9,735	7,677
	9,735	7,677

19. Mayor and Assembly Members' remuneration and expenses

The table below shows the total amount of remuneration and expenses reclaimed by the Mayor and Assembly members during the year. The amount for travel cards is the cash value of travel cards issued during the year.

		Salary	Resettle ment Grant	Employer Pensions	Travel Card	Taxis	Other Domestic Travel	Foreign Travel	Hotels	Other	Total
		£	£	£	£	£	£	£	£	£	£
Mayor	Khan, Sadiq	152,168	-	18,260	-	-	110	255	794	-	171,587
Statutory Deputy Mayor	McCartney, Joanne	105,559	-	12,667	2,208	-	-	-	-	-	120,434
Current Assembly Members											
Assembly Member	Ahmad, Marina	59,326	-	7,724	2,628	-	-	-	-	-	69,678
Assembly Member	Bailey, Shaun	59,326	-	-	2,812	-	-	-	-	-	62,138
Assembly Member	Barker, Elly	59,326	-	7,119	2,812	-	-	-	-	-	69,257
Assembly Member	Berry, Sian	59,326	-	7,119	-	-	-	-	-	-	66,445
Assembly Member	Best, Emma	59,326	-	-	-	-	-	-	-	-	59,326
Assembly Member	Boff, Andrew	60,360	-	7,243	-	-	-	-	-	-	67,603
Assembly Member	Bokhari, Hina	59,326	-	13,370	-	-	-	-	-	-	72,696
Assembly Member	Clarke, Anne	59,326	-	13,370	2,208	-	-	-	-	-	74,904
Assembly Member	Cooper, Leonie	59,326	-	7,119	2,812	-	-	-	-	-	69,257
Assembly Member	Desai, Unmesh	59,326	-	7,119	-	-	-	-	-	-	66,445
Assembly Member	Devenish, Tony	59,326	-	7,119	1,808	-	-	-	-	-	68,253
Assembly Member	Duvall, Len	59,326	-	7,119	2,812	-	-	-	-	-	69,257
Assembly Member	Fortune, Peter	59,326	-	7,119	2,812	-	-	-	-	-	69,257
Assembly Member	Garratt, Neil	59,326	-	7,119	-	-	-	-	-	-	66,445
Assembly Member	Hall, Susan	59,326	-	7,119	-	-	-	-	-	-	66,445
Assembly Member	Hirani, Krupesh	59,326	-	7,119	2,812	-	-	-	-	-	69,257
Assembly Member	Moema, Sem	59,326	-	7,119	2,208	-	-	-	-	-	68,653
Assembly Member	Pidgeon, Caroline	59,326	-	7,052	1,808	-	-	-	-	-	68,186
Assembly Member	Polanski, Zack	59,326	-	7,119	-	-	-	-	-	-	66,445
Assembly Member	Prince, Keith	59,326	-	7,119	-	-	-	-	-	-	66,445
Assembly Member	Rogers, Nicholas	59,326	-	7,119	2,812	-	-	-	-	-	69,257
Assembly Member	Russell, Caroline	59,326	-	7,119	-	-	-	-	-	-	66,445
Assembly Member	Sahota, Onkar *	69,694	-	-	-	-	-	-	-	-	69,694
Assembly Member	Sheikh, Sakina	59,326	-	7,562	2,812	-	-	-	-	-	69,700
Total 2022/2023		1,692,953	-	194,033	35,364	-	110	255	794	-	1,923,509
Total 2021/2022		1,663,813	294,689	152,134	31,092	358	936	-	-	28	2,143,050

* Chair of the London Assembly 2022/23

20. Senior Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

2022/23

Post	Name of Post Holder	Salary (Including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
		£	£	£	£
GLA Staff					
Chief Officer	Mary Harpley	194,110	-	23,293	217,403
Executive Director, Resources	David Gallie	130,208	-	15,625	145,833
Executive Director, Secretariat	Helen Ewen	117,187	-	14,062	131,249
Executive Director, Good Growth	Philip Graham	130,208	-	15,625	145,833
Interim Executive Director, Housing and Land (from 18/07/2022) Note 1	Tim Steer	126,590	-	15,236	141,826
Executive Director, Strategy and Communications	Niranjeet Mothada	130,208	-	15,625	145,833
Executive Director, Communities & Skills	Tunde Olayinka	131,606	-	15,793	147,399
Former GLA Staff					
Executive Director, Housing and Land (to 17/07/2022)	Rickardo Hyatt	37,071	-	4,449	41,520
Mayoral Team					
Statutory Deputy Mayor/ Deputy Mayor, Education and Childcare	Joanne McCartney		See note 19		
Chief of Staff	David Bellamy	137,408	-	16,607	154,015
Deputy Chief of Staff	Richard Watts	136,545	-	16,385	152,930
Deputy Mayor for Business	Rajesh Agrawal	132,876	-	15,945	148,821
Deputy Mayor for Housing and Residential Development	Tom Copley	132,876	-	15,945	148,821
Deputy Mayor for Planning, Regeneration and Skills	Jules Pipe	131,884	-	15,930	147,814
Deputy Mayor for Environment and Energy	Shirley Rodrigues	132,876	-	15,945	148,821
Deputy Mayor for Communities and Social Justice	Debbie Weekes-Bernard	132,876	-	15,945	148,821
Deputy Mayor for Transport	Seb Dance	132,876	-	15,945	148,821
Deputy Mayor for Culture and the Creative Industries	Justine Simons	132,876	-	15,945	148,821
Deputy Mayor for Fire and Resilience	Fiona Twycross	120,428	-	14,451	134,879
Mayoral Director for Communications	Sarah Brown	127,322	-	15,279	142,601
Mayoral Director for Operations	Ali Picton	114,816	-	13,778	128,594
Mayoral Director for Political and Public Affairs	Felicity Appleby	114,816	-	13,778	128,594
Deputy Mayor for Policing and Crime	Sophie Linden	Remuneration paid by the Mayor's Office for Policing and Crime			

Note 1: Full year salary includes previous post as Assistant Director, Transport and Infrastructure.

2021/22

Post	Name of Post Holder	Salary (Including fees and allowances) £	Compensati on for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
GLA Staff					
Chief Officer	Mary Harpley	193,800	-	25,656	219,456
Executive Director of Resources	David Gallie	130,000	-	15,600	145,600
Executive Director of Secretariat (from 22/11/2021)	Helen Ewen	41,925	-	5,031	46,956
Executive Director of Good Growth	Philip Graham	129,522	-	15,600	145,122
Executive Director of Housing and Land	Rickardo Hyatt	130,000	-	15,600	145,600
Executive Director of Strategy and Communications (from 01/06/21) Note 1	Niranjeet Mothada	140,726	-	13,000	153,726
Executive Director Communities and Skills (Job Share) (Up to 31/12/21)	Halima Khan	58,500	-	7,020	65,520
Executive Director Communities and Skills (Job Share) (Up to 31/12/21)	Sarah Mulley	58,500	-	7,020	65,520
Assistant Director of Human Resources & Organisational Development (from 28/02/22)	Shakira Keddo	9,700	-	1,164	10,864

Former GLA Staff

Executive Director of Secretariat (up to 23/04/21)	Ed Williams	12,971	69,998	1,073	84,042
Interim Executive Director of Secretariat (Agency - from 06/05/21 to 19/11/21) Note 2	Joanna Davidson	98,142			98,142
Interim Executive Director Communities and Skills (Agency - from 13/12/21 to 26/03/22) Note 2	Joanna Davidson	77,147			77,147
Assistant Director of Human Resources & Organisational Development (up to 24/09/21)	Charmaine De Souza	57,537	-	7,074	64,610
Interim Assistant Director of Human Resources & Organisational Development (Secondment - from 27/09/21 to 27/02/22) Note 3	Raj Bhamber	112,798	-	-	112,798

Mayoral Team

Statutory Deputy Mayor/ Deputy Mayor, Education and Childcare	Joanne McCartney		See note 19		
Chief of Staff	David Bellamy	140,466	-	16,799	157,264
Deputy Chief of Staff (from 11/5/2021)	Richard Watts	113,605	-	13,633	127,238
Deputy Mayor for Business	Rajesh Agrawal	133,142	-	15,920	149,061
Deputy Mayor for Housing and Residential Development	Tom Copley	132,664	-	15,920	148,584
Deputy Mayor for Planning, Regeneration and Skills	Jules Pipe	132,664	-	15,920	148,584
Deputy Mayor for Environment and Energy	Shirley Rodrigues	132,664	-	15,919	148,583
Deputy Mayor for Communities and Social Justice	Debbie Weekes-Bernard	132,664	-	15,920	148,584
Deputy Mayor for Transport (from 04/01/22)	Seb Dance	33,166	-	3,980	37,146
Deputy Mayor for Culture and the Creative Industries	Justine Simons	132,664	-	15,920	148,584
Deputy Mayor for Fire and Resilience	Fiona Twycross	132,664	-	15,920	148,584
Mayoral Director, Communications (from 11/05/21)	Sarah Brown	113,320	-	13,598	126,919
Mayoral Director, Operations (from 11/05/21)	Ali Picton	111,333	-	13,360	124,693
Mayoral Director, Political and Public Affairs (from 11/05/21)	Felicity Appleby	99,999	-	12,000	111,999
Deputy Mayor for Policing and Crime	Sophie Linden	Remuneration paid by the Mayor's Office for Policing and Crime			

Former Mayoral Team

Mayoral Director, Policy (up to 10/05/21)	Nick Bowes	20,829	59,633	1,577	82,040
Mayoral Director, Communications (up to 10/05/21)	Patrick Hennessy	21,753	63,679	1,684	87,116
Mayoral Director, External and International Affairs (up to 10/05/21)	Leah Kreitzman	18,313	71,984	1,577	91,875
Deputy Mayor for Transport (up to 31/12/21)	Heidi Alexander	99,498	-	11,940	111,438

Note 1: Post holder became GLA staff from 1 June 2021. The amount reported including the fee charged by DEFRA for her Secondment to the post which ended 31 May 2021.

Note 2: Post holder was agency staff

Note 3: On secondment from NHS England & Improvement. The amount reported is the fee charged by NHS.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2022/23 Number of Employees	2021/22 Number of Employees
£		
50,000 - 54,999	175	158
55,000 - 59,999	117	131
60,000 - 64,999	111	71
65,000 - 69,999	33	20
70,000 - 74,999	45	32
75,000 - 79,999	32	31
80,000 - 84,999	19	16
85,000 - 89,999	20	17
90,000 - 94,999	12	17
95,000 - 99,999	5	3
100,000 - 104,999	3	2
105,000 - 109,999	1	3
110,000 - 114,999	5	6
115,000 - 119,999	5	2
120,000 - 124,999	3	3
125,000 - 129,999	1	-
130,000 - 134,999	2	4
135,000 - 139,999	-	-
140,000 - 144,999	-	-
145,000 - 149,999	-	-
150,000 - 154,999	3	1
	592	517

Termination Benefits

The table below details the number and cost of compulsory and voluntary severances packages agreed during the year for staff.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023 £	2021/2022 £
£0 - £20,000	1	4	6	10	7	14	76,978	120,320
£20,001 - £40,000	1	-	3	2	4	2	108,797	61,625
£40,001 - £60,000	1	1	1	2	2	3	100,496	147,893
£60,001 - £80,000	1	-	1	1	2	1	138,691	60,282
£80,001 - £100,000	-	-	1	-	1	-	92,496	-
£100,001 - £150,000	-	-	2	1	2	1	248,598	114,303
£150,000+	-	-	2	-	2	-	528,741	-
Total amount included in the CIES	4	5	16	16	20	21	1,294,797	504,423

21. Pensions

As part of the terms and conditions of employment of its elected members, officers and other employees, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the group has a commitment to make the payments that needs to be disclosed at the time the employees earn their future entitlement.

Local Government Pension Scheme

The LGPS, administered by the London Pensions Fund Authority, is a defined benefit statutory scheme - from 1 April 2014 the LGPS became a career average revalued earnings scheme (benefits built up to 31 March 2014 are protected under the final salary scheme) - meaning that the GLA, OPDC and LLDC employees and elected officers pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The employer contributions payable to the London Pension Fund Authority are paid in at a percentage of employees' pensionable earnings. The contribution rate is determined by the pension fund's actuary based on triennial actuarial valuations, the 31 March 2019 actuarial valuation set the Authority's employer contribution rate for the period 1 April 2020 to 31 March 2023 at 12%.

The 31 March 2022 triennial actuarial valuation set the employer contribution rate at 9.5% for each of years in the period 1 April 2023 to 31 March 2026.

Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The value of in-year employer contributions and the applicable contribution rates are set out in the table below.

	2022/23	2021/22	1 April 2020 to 31 March 2022	1 April 2023 to 31 March 2025
	£m	£m	%	%
GLA	8.1	7.0	12	9.5
OPDC	0.3	0.3	12	10.4
LLDC	1.4	1.2	12	12.0

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement during the year:

	2022/23	2022/23	2021/22	2021/22
Cost of Retirement Benefits	Authority	Group	Authority	Group
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	17,536	23,502	35,254	41,753
Administration Fee	115	127	422	467
(Gain)/loss from settlements	661	661	257	257
	18,312	24,290	35,933	42,477
Financing and Investment Income and Expenditure				
Net Interest Expense	(225)	749	5,430	6,307
Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	18,087	25,039	41,363	48,784
Other Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	10,092	10,560	(44,948)	(49,588)
Actuarial (gains)/losses arising on changes in financial assumptions	(282,639)	(331,011)	(44,973)	(51,546)
Actuarial (gains)/losses arising on changes in demographic assumptions	(14,700)	(15,013)	-	-
Experience (gains)/losses on defined benefit obligation	40,194	46,664	1,293	1,507
Deferred tax asset on the net defined benefit liability	-	-	-	16,969
Other actuarial (gains)/losses on assets	-	1,913	-	-
Total Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement	(228,966)	(261,848)	(47,265)	(33,874)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(18,087)	(25,039)	(41,363)	(48,784)
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to the Local Government Pension Scheme	8,137	9,861	6,966	8,507

Pensions Asset and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the GLA's, OPDC's and LLDC's obligation in respect of their defined benefit plans is as follows:

	2022/23 Authority £000	2022/23 Group £000	2021/22 Authority £000	2021/22 Group £000
Present value of the defined benefit obligation	(364,490)	(412,892)	(589,679)	(670,303)
Fair Value of scheme assets (bid value)	391,195	437,628	381,720	423,963
Deferred tax asset on the defined benefit obligation	-	10,375	-	(10,375)
Net liability arising from defined benefit obligation	26,705	35,111	(207,959)	(256,715)

Reconciliation of fair value of the scheme (plan) assets:

	2022/23 Authority £000	2022/23 Group £000	2021/22 Authority £000	2021/22 Group £000
Opening fair value of scheme assets	381,720	423,963	324,262	358,808
Interest Income	15,155	16,275	5,954	6,686
<i>Remeasurement gain/(loss):</i>				
Return on plan assets less interest	(10,092)	(11,050)	44,948	49,588
Administration expenses	(115)	(97)	(422)	(467)
Other actuarial gains/(losses)	(2,439)	(1,077)	-	-
Contributions from employer	8,137	9,861	6,966	8,507
Contributions from employees into the scheme	5,460	6,725	4,889	6,030
Benefits paid	(6,631)	(6,972)	(4,877)	(5,189)
Closing fair value of scheme assets	391,195	437,628	381,720	423,963

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2022/23 Authority £000	2022/23 Group £000	2021/22 Authority £000	2021/22 Group £000
Opening balance at 1 April	(589,679)	(670,303)	(586,452)	(664,498)
Current service cost	(17,536)	(23,096)	(35,254)	(41,753)
Interest cost	(14,930)	(17,024)	(11,384)	(12,993)
Contributions from scheme participants	(5,460)	(6,723)	(4,889)	(6,030)
<i>Remeasurement gains and (losses) :</i>				
Actuarial gains/(losses) arising from changes in demographic assumptions	14,700	16,425	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	282,639	328,607	44,973	51,546
Experience gains/(loss) on defined benefit obligation	(40,194)	(47,087)	(1,293)	(1,507)
Past service costs, including curtailments	(661)	(661)	(257)	(257)
Estimated benefits paid net of transfers in	6,631	6,970	4,877	5,189
Closing balance at 31 March	(364,490)	(412,892)	(589,679)	(670,303)

Local Government Pension Scheme assets comprised (Bid value):

Authority		2022/23 Authority Quoted Prices £000		2022/23 Authority Unquoted Prices £000	2022/23 Total £000	2021/22 Authority Quoted Prices £000	2021/22 Authority Unquoted Prices £000	2021/22 Total £000
	%		%					
Equities								
Segregated:								
Real Estate	0%	-	0%	-	-	3,283	-	3,283
Consumer	14%	55,157	0%	-	55,157	45,576	-	45,576
Energy	1%	4,303	0%	-	4,303	1,222	-	1,222
Financials	7%	27,775	0%	-	27,775	23,896	-	23,896
Health Care	4%	16,039	0%	-	16,039	13,437	-	13,437
Industrial	6%	23,863	0%	-	23,863	21,949	-	21,949
Technology	13%	51,247	0%	-	51,247	48,096	-	48,096
Materials	0%	-	0%	-	-	5,611	-	5,611
Communications	3%	12,127	0%	-	12,127	8,932	-	8,932
Utilities	0%	-	0%	-	-	1,336	-	1,336
Fixed Income & Other	0%	-			-	229		229
Trade Cash/Pending	0%	-	0%		-	9,467		9,467
Synthetic Equity	0%	-	0%		-	-		-
Private Equity	0%	-	8%	31,296	31,296	-	34,278	34,278
Fixed Income	1%	4,303	0%	-	4,303	10,574	-	10,574
Investment/Hedge funds and Unit trusts	8%	31,687	0%	-	31,687	40,539	-	40,539
Credit	0%	-	9%	35,208	35,208	-	30,957	30,957
Infrastructure	0%	-	13%	50,855	50,855	-	38,897	38,897
Property Fund/Real Estate	0%	-	10%	39,120	39,120	-	34,240	34,240
Cash					-			
Cash at bank	2%	8,215	0%	-	8,215	8,818	-	8,818
LDI	0%	-	0%	-	-	1,107	-	1,107
Currency (forward contracts)	0%	-	0%	-	-	-	(763)	(763)
BlackRock DDG	0%	-		-	-	38	-	38
Total	59.0%	234,716	40.0%	156,479	391,195	244,110	137,610	381,720

Local Government Pension Scheme assets comprised (Bid value):

Group	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22
	Group Quoted	Group Unquoted	Total	Group Quoted	Group Unquoted	Total
	Prices	Prices		Prices	Prices	
	£000	£000	£000	£000	£000	£000
Equities						
Seggregated:						
Real Estate	324	-	324	3,646	-	3,646
Consumer	60,469	-	60,469	50,621	-	50,621
Energy	4,482	-	4,482	1,357	-	1,357
Financials	30,540	-	30,540	26,540	-	26,540
Health Care	17,597	-	17,597	14,924	-	14,924
Industrial	26,377	-	26,377	24,378	-	24,378
Technology	56,749	-	56,749	53,419	-	53,419
Materials	553	-	553	6,232	-	6,232
Communications	13,183	-	13,183	9,921	-	9,921
Utilities	132	-	132	1,484	-	1,484
Fixed Income & Other	23	-	23	254	-	254
Trade Cash/Pending	933	-	933	10,514	-	10,514
Synthetic Equity	-	-	-	-	-	-
Private Equity	-	35,144	35,144	-	38,072	38,072
Fixed Income	5,404	-	5,404	11,744	-	11,744
Total Return						
Investment/Hedge funds and Unit trusts	36,152	-	36,152	45,025	-	45,025
Credit	-	38,786	38,786	-	34,383	34,383
Infrastructure	-	55,451	55,451	-	43,202	43,202
Property Fund/ Real Estate	-	43,081	43,081	-	38,030	38,030
Cash						
Cash at bank	9,201	-	9,201	9,794	-	9,794
LDI	109	-	109	1,229	-	1,229
Currency (forward contracts)	-	(75)	(75)	-	(848)	(848)
BlackRock DDG	4	-	4	42	-	42
Total	262,233	172,386	434,619	271,124	152,839	423,963

Basis for Estimating Assets and Liabilities

The actuarial valuation, undertaken by Barnett Waddingham, an independent actuarial firm, involves determining the value of pension benefits that have been accrued by LGPS members and comparing this to the value of the assets held in respect of these pension benefits.

When carrying out a funding valuation, they receive data for each individual member and information on their accrued pension benefits. They then project each members' benefits into the future based on a set of assumptions (e.g. salary increases and pension increases) and allowing for the probability that these future benefits will be paid (e.g. the probability of a death benefit being paid on a death in active service). Through an approach known as 'discounting', these projected benefit cashflows are summarised into a figure known as the "present value of obligations", or more commonly the "liability", and this represents the value of the future benefits at the current valuation date. A discount rate assumption is used which represents the future investment return on the fund's assets.

In the case of the accounting valuation used for figures reported in these statements, the full valuation of member data, as described in the preceding paragraph, is not plausible and therefore a roll forward approach is usually adopted instead. A roll-forward approach involves estimating an employer's assets and liabilities from the latest full valuation (i.e. using individual member data) which was carried out. This involves using cashflow information to estimate changes in the assets and liabilities since the latest full valuation.

The assets and the liabilities are then compared. If the assets are more than the liabilities then there is a surplus and if they are less than the liabilities then there is a deficit.

The principal assumptions used by the actuary in their calculations have been:

	2022/23 Authority	2022/23 Group	2021/22 Authority	2021/22 Group
Expected return on assets	4.80%	2.55%-2.60%	2.60%	2.55%-2.60%
Mortality Assumptions				
Longevity at 65 for current pensioners				
Men	22.4	22.4 - 22.9	22.8	22.4 - 22.9
Women	24.7	24.4- 24.9	24.9	24.5- 24.9
Longevity at 65 for future pensioners				
Men	22.9	22.8 - 24.0	23.7	23.7 - 24.0
Women	25.7	25.6 - 26.2	26.0	26.0 - 26.2
Rate of inflation - CPI	2.90%	2.90%	3.15%	3.05% - 3.15%
Rate of increase in salaries	3.90%	3.90%	4.15%	4.05% -4.15%
Rate of increase in pensions	2.90%	2.90%	3.15%	3.05% - 3.15%
Rate for discounting scheme liabilities	4.80%	4.80%	2.60%	2.55%-2.60%

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2023 is estimated to be, as follows:

GLA 1.31%
 LLDC 1.31%
 OPDC 2.83%

The actual return on fund assets may be differ from the above returns.

Sensitivity Analysis

The following table sets out the impact of a small change in the key assumptions on the defined benefit obligation.

	Increase in Assumption	Actual	Decrease in Assumption
	£000	£000	£000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)			
Greater London Authority	(357,083)	(364,490)	(372,122)
Old Oak and Park Royal Development Corporation	(5,618)	(5,783)	(5,954)
London Legacy Development Corporation	(41,630)	(42,619)	(43,640)
GLA Group	(404,331)	(412,892)	(421,716)
Rate of increase in salaries (increase or decrease by 0.1%)			
Greater London Authority	(364,923)	(364,490)	(364,061)
Old Oak and Park Royal Development Corporation	(5,794)	(5,783)	(5,772)
London Legacy Development Corporation	(42,699)	(42,619)	(42,540)
GLA Group	(413,416)	(412,892)	(412,373)
Rate of increase in pensions (increase or decrease by 0.1%)			
Greater London Authority	(371,825)	(364,490)	(357,370)
Old Oak and Park Royal Development Corporation	(5,947)	(5,783)	(5,625)
London Legacy Development Corporation	(43,579)	(42,619)	(41,690)
GLA Group	(421,351)	(412,892)	(404,685)
Longevity (increase or decrease in 1 year)			
Greater London Authority	(376,175)	(364,490)	(353,200)
Old Oak and Park Royal Development Corporation	(5,937)	(5,783)	(5,633)
London Legacy Development Corporation	(43,772)	(42,619)	(41,496)
GLA Group	(425,884)	(412,892)	(400,329)

Impact on future cash flows

Authority

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The latest triennial valuation has set the annual employer's contribution at 12% until 31 March 2023. Funding levels are monitored on an annual basis. The triennial valuation which sets the employer contribution rated for 2023-24 to 2025-26 was completed on 31 March 2022 and has set the employer's contribution rate at 9.5%.

Group

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2024 is £7.8m.

The weighted average duration of the defined benefit obligation for scheme members is 26 years (26 years 2021-22).

Greater London Authority AVIVA master trust scheme

The Greater London Authority AVIVA master trust scheme is a defined contribution scheme open to the Mayor and Assembly Members.

Employer contributions are payable at 12% of pensionable pay. A total of £0.19m employer contributions were paid in 2022-23 (£0.15m for 2022-23).

22. External Audit Costs

The Authority and Group have incurred the following costs in relation to the audit of the Statement of Accounts for services provided by external auditors.

Authority

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	243	652	175	564
Fees payable in respect of other services provided by the external auditors during the year	-	9	-	-
Rebate received from the Audit Commission in relation to audit fees	-	-	-	-
	243	661	175	564

23. Agency arrangements

The GLA was the designated Intermediate Body (IB) for the management and administration of the European Regional Development Fund (ERDF) programmes in London and carried out the function on behalf of DLUHC under Article 123 of EC Regulation 1303/2013. In carrying out this function, the GLA acted as DLUHC's agent, making funding decisions and entering into contracts on behalf of DLUHC. Post the UK's withdrawal from the European Union, the Authority continues to act on behalf of DLUHC in respect of returned ERDF funds. The Authority has a duty to ensure that recycled funds continue to be used to support sustainable urban development.

London Green Fund (LGF) (formerly JESSICA Holding Fund London)

The Joint European Support for Sustainable Investment in City Area (JESSICA) was a policy initiative of the European Commission, supported by the European Investment Bank (EIB), and designed to help the authorities in the Member States of the European Union to exploit financial engineering mechanisms to support investment in sustainable urban development in the context of the cohesion policy. Under this programme, Managing Authorities (DLUHC for England) were allowed to use some of their Structural Funds, principally those supported by the ERDF to invest in Urban Development Funds to accelerate investment in urban areas.

For the London region, DLUHC's ERDF investment was matched funded by the London Waste and Recycling Board (LWARB) and the London Development Agency (LDA). In October 2009, the LDA, LWARB and the EIB signed a funding agreement for the purpose of establishing the JESSICA Holding Fund, also known as the London Green Fund. On 1 July 2011, when the operational responsibilities for the ERDF transferred to the GLA, the responsibility for DLUHC's ERDF contribution transferred also.

At 31 March 2023, £110m has been invested and comprises £60m of ERDF, £18m of LWARB and £32m of GLA (formerly LDA) funds. The LGF provides funding for three urban development funds that invest directly in waste, energy efficiency, decentralised energy and social housing programmes.

The Authority manages the fund on behalf of itself, LWARB and the ERDF (DLUHC).

During the year, the Authority received £1.7m (£9.9m in 2021-22) in interest on the balances invested and part payment of the original investment, net of fund manager fees and is holding balances totalling £13.1m at 31 March 2023 (£12.7m at 31 March 2022).

During the year, ERDF receipts totalled £2.8m (£14.4m in 2021-22) and at 31 March 2023 the balance of ERDF cash total £18.9m (£24.3m at 31 March 2022), as a creditor on behalf of the DLUHC.

Mayor of London's Energy Efficiency Fund (MEEF)

The Mayor of London's Energy Efficiency Fund (MEEF) is a low carbon infrastructure fund providing repayable finance to viable projects across London. The Authority, in its role as Intermediate Body and DLUHC's agent, committed some £84m of European Regional Development Fund (ERDF) funding to the MEEF (MD2165, MD2597 and MD2865) and on 29 June 2018 was admitted as a limited partner in the MEEF Limited Partnership.

The ERDF funding will be paid directly from DLUHC to Amber Infrastructure Limited and will be invested through the MEEF. Returns related to ERDF funding will be held as a creditor in the balance sheet.

24. Mayor's Community Infrastructure Levy (MCIL)

In 2012, the Mayor agreed his MCIL charging schedule to be applied to developments consented on or after 1 April 2012 and was collected by London boroughs once development commences.

The setting of a London-wide Community Infrastructure Levy is a power given to the Mayor under the Planning Act 2008 designed to raise money for the infrastructure needed to develop an area.

The Levy was charged on most developments in London at the following rates, which were subject to annual indexation, in line with the Tender Price Index:

Zone 1 boroughs - £50 per square metre

Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth

Zone 2 boroughs - £35 per square metre

Barnet, Brent, Bromley, Ealing, Greenwich, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets

Zone 3 boroughs - £20 per square metre

Barking and Dagenham, Bexley, Croydon, Enfield, Havering, Newham, Sutton, Waltham Forest

Mayor's Community Infrastructure Levy 2 (MCIL2)

On 1 April 2019, following successfully passing an Examination in Public, MCIL2 replaced MCIL and the Crossrail Section 106 charge on office, retail and hotel development in certain parts of London. The MCIL2 rates apply to all planning permissions granted from 1 April 2019 and may also apply to some phased planning permissions granted before the 1 April 2019.

The new MCIL2 charges, which will also be subject to annual indexation, are as follows:

Zone 1 boroughs - £80 per square metre

Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth

Zone 2 boroughs - £60 per square metre

Barnet, Brent, Bromley, Ealing, Enfield, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets, Waltham Forest, London Legacy Development Corporation (LLDC), Old Oak and Park Royal Development Corporation (OPDC)

Zone 3 boroughs - £25 per square metre

Barking and Dagenham, Bexley, Croydon, Greenwich, Havering, Newham, Sutton

MCIL2 charging rates for office, retail and hotel in Central London and Isle of Dogs:

Office - £185 per square metre

Retail - £165 per square metre

Hotel - £140 per square metre

From 2019-20 the GLA has been permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019) to apply MCIL for capital financing purposes for the Elizabeth line (referred to in the legislation as 'the Crossrail project'). The Community Infrastructure Levy (Amendment) (England) Regulations 2021 laid before Parliament in March 2021 following the November 2020 Crossrail funding deal permit the Mayor to apply MCIL and MCIL2 revenues to finance and repay the GLA's Crossrail debt up to 31 March 2043.

In 2022-23, MCIL has raised £173.9m (£146.4m in 2021-22), after deductions of £11.5m allowable collection and administration costs and a provision for non-collection with all money being directed towards financing the GLA's contributions towards the cost of delivering the Elizabeth Line.

25. Property, Plant and Equipment

	-----Group----- 2022/23				-----Group----- 2021/22			
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
Balances at 1 April	3,872	40,657	2,648	47,177	23,871	27,924	2,203	53,998
Additions	-	12,562	501	13,063	-	12,733	445	13,178
Revaluation increases/(decreases) recognised in the revaluation reserve	170	-	119	289	(15,723)	-	-	(15,723)
Derecognition- other	-	(14,847)	-	(14,847)	-	-	-	-
At 31 March	4,042	38,372	3,268	45,682	8,148	40,657	2,648	51,453
Accumulated Depreciation and Impairment								
Balances at 1 April	(57)	(22,896)	-	(22,953)	(39)	(19,636)	-	(19,675)
Depreciation charged to the (Surplus)/Deficit on the Provision of Services	(45)	(3,202)	-	(3,247)	(6,388)	(3,260)	-	(9,648)
Depreciation written out to the Revaluation Reserve	26	-	-	26	2,094	-	-	2,094
Derecognition- other	-	13,758	-	13,758	-	-	-	-
At 31 March	(76)	(12,340)	-	(12,416)	(4,333)	(22,896)	-	(27,229)
Net Book Value								
At 1 April	3,815	17,761	2,648	24,224	23,832	8,288	2,203	34,323
At 31 March	3,966	26,032	3,268	33,265	3,815	17,761	2,648	24,224

Revaluations

Valuations of land and buildings held by the GLA and GLAP are undertaken every year at 31 March by registered RICS Valuers external valuers, JLL; the details of significant land and buildings and carrying values at 31 March 2023 are set out below:

- GLA - 639 High Road, Tottenham - a community centre facility. It is held at existing use value (EUV) and at 31 March 2023 had a value of £1.9m.
- GLA - Crystal Palace National Sports Centre (CPNSC) transferred from GLAP to GLA on 1 April 2022. It is held at existing use value (EUV) and at 31 March 2023 had a value of £1, reflecting the extent of repair works required to restore the asset to full working order.

- Assets under Construction relates to expenditure incurred in relation to the East Bank project (LLDC) and renovation works in relation to CPNSC (GLA).

Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards (effective 31 January 2022) and UK national supplement as applicable (RICS Red Book), by valuers who conform to the requirements thereof.

26. Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

	Group 2022/23 £000	Group 2021/22 £000
Balances at 1 April	240,166	194,416
<i>Additions:</i>		
Purchases	36,774	5,390
Subsequent expenditure	-	21,534
Disposals	(900)	-
Net gains/(losses) from fair value adjustments	(48,130)	58,173
<i>Transfers:</i>		
To/from Inventories	(16,216)	(39,347)
Balance at 31 March	211,694	240,166

Valuation (LLDC)

LLDC's portfolio was valued as at 31 March 2023 by JLL Limited. The investment property portfolio is now valued at £145.7m, a net decrease in fair value of £20.8m from the prior year, which is largely driven by adverse changes in market conditions such as interest rates and construction price inflation. Included in the valuation are elements of the East Bank project, which are delivered at a net cost to LLDC (and therefore has a negative valuation).

In line with the Mayor's commitment to affordable housing, a portfolio approach has been adopted whereby 50% of the homes delivered across the sites at Pudding Mill, Rick Roberts Way, and the residential element of Stratford Waterfront. This is factored into the valuation for these development sites, which have not yet started on site (and so continue to be classified as investment properties).

Asset	31 March 2023	31 March 2022	Change	Basis
	£000	£000	£000	
London Aquatics Centre and Copper Box Arena	15,230	9,685	5,545	Greenwich Leisure Limited was appointed as the operator of the London Aquatics Centre and Copper Box Arena under a 10 year arrangement. These venues (including the car parks) are valued on the basis of the estimated future income the venues will produce until 2024. The operating contracts thereafter are currently being re-procured and will be reflected in future valuations.
Here East (former Press and Broadcast Centre)	14,700	13,880	820	The valuation of the former Press and Broadcast Centre (known as Here East) is based on the potential net rental income that LLDC will receive.
Multi Storey Car park	4,500	5,580	(1,080)	The valuation of the Multi Storey Car Park is based on the rental income streams, which includes events and adhoc revenue.
Stadium	1,500	1,500	-	The Stadium is subject to a lease to let the Stadium to E20 Stadium LLP until 2115. The Legacy Corporation reversionary interest discounted back to the present day is valued at £1.5m.
ArcelorMittal Orbit	3,260	3,455	(195)	The ArcelorMittal Orbit and The Last Drop are valued on the basis of the earnings that could be generated from operating the attraction.
Queen Elizabeth Olympic Park (excl. East Bank)	82,159	105,466	(23,307)	The valuation of Queen Elizabeth Olympic Park is based on residual appraisal. The includes residential development plots where development has not yet commenced.
3 Mills Studios	26,300	28,850	(2,550)	The 3 Mills Studios site is held on a lease with 83 years outstanding. It has been valued on the investment method, assuming the buildings are let as offices and warehouses, and have adopted a market rent.
LTGDC transferred assets	7,950	10,545	(2,595)	These sites have been valued as industrial land to be developed, which has increased in value, using comparable evidence to establish market value, for all bar one property, where an estimated rental value was used.
Other assets	12,650	24,173	(11,523)	Other sites including Timberlodge and Kiosks, have been valued using a expected rental values applying an appropriate yield and comparable market value information from similar sites. The net increase in market value is mainly due to increased rental income.
Queen Elizabeth Olympic Park - East Bank	(22,500)	(36,400)	13,900	East Bank public realm and Carpenters Land Bridge
Total	145,749	166,734	(20,985)	

GLA Group Investment Property

In 2022-23 net losses in the fair value of investment property of some £48.1m are recognised in the Surplus or Deficit on the Provision of Services.

Amounts recognised as rental income and operating expenses

	Group 2022/23 £000	Group 2021/22 £000
Rental Income	(16,659)	(15,999)
Operating Expenditure	19,975	18,161
Net deficit/(surplus)	3,316	2,162

Revaluations

The valuations were undertaken by JLL external, independent property valuers with valuations provided as at 31 March 2023. They are registered RICS Valuers and the valuations were carried out in accordance with the Practice Statements contained in the RICS Red Book.

See Note 5 for key assumptions in relation to asset valuations and sources of estimation uncertainty.

Fair value hierarchy

The Group's classification of investment properties in the fair value hierarchy as at 31 March 2023 is as follows:

2022/23

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2023 £000
London Legacy Development Corp.				
Other assets	46,900	117,265	(18,417)	145,748
GLA Land and Property Ltd.				
Commercial units	-	-	65,498	65,498
Residential properties	-	-	448	448
Balance at 31 March 2023	46,900	117,265	47,529	211,694

2021/22

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2022 £000
London Legacy Development Corp.				
Other assets	63,568	135,122	(31,958)	166,732
GLA Land and Property Ltd.				
Commercial units	-	-	72,951	72,951
Residential properties	-	-	482	482
Balance at 31 March 2022	63,568	135,122	41,475	240,165

This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value; these include:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset or liability.

Reconciliation of the movement in GLAP's Level 3 Investment Properties

	31 March 2023 £000	31 March 2022 £000
Balance at 1 April	73,433	90,237
Additions	6,927	5,390
Disposals	(900)	-
<i>Gains and losses included in profit or loss for the year:</i>		
Increase/(decrease) in fair value of investment properties	(6,740)	17,153
<i>Transfers:</i>		
(To) / from Inventories	-	(39,347)
Balance at 31 March	72,720	73,433

Transfers between levels of the fair value hierarchy

There were no transfers between any levels of the fair value hierarchy during the current financial year.

Valuation techniques used to determine fair values

The Group's investment properties are measured using a combination of an income and market comparison approach. Under the income approach, values are determined by means of either the discounted cash flow method, where the expected cash flows from the properties are discounted to establish the present value of the net income stream or the direct capitalisation method where a capitalisation rate is applied, as a multiplier, against the current and, if any, reversionary income streams. The approaches use the Group's own data requiring it to factor in assumptions such as the duration, timing of cash inflows/outflows, rent growth, property location, maintenance costs etc.

Highest and best use

In estimating the fair value of the Group's investment properties, the highest and best use is their current use.

Quantitative information about Fair Value measurement of Investment Properties

GLAP 2022/23

Input	Range	Weighted Average	Sensitivity
Rental income less irrecoverable costs	£7,250 - £1,700,000	£1,228,802	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	4.00% - 8.00%	5.76%	

GLAP 2021/22

Input	Range	Weighted Average	Sensitivity
Rental income less irrecoverable costs	£7,250 - £1,700,000	£1,374,018	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	5.00% - 8.00%	5.87%	

LLDC

Rental income less irrecoverable costs	£64,702 - £170,1238	£116,427	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	-	8.00%	

Valuation techniques

There has been no change in the valuation techniques used during the year for investment properties.

27. Intangible Assets

At 31 March 2023, the Group does not hold a material amount of intangible assets and so this disclosure is not material to the financial statements.

28. Heritage Assets

On 1 April 2012 two sculptures were transferred to the GLA from the Homes and Communities Agency (HCA). There is no historical cost data available on these assets and due to their bespoke and unique nature their value cannot be easily obtained using comparisons in the open market.

The Authority further considers that the cost of obtaining an open market valuation outweighs any benefit to the users of the accounts. The asset known as "A Slice of Reality" has been licensed back to the artist who is responsible for its maintenance and general repair with the GLA being responsible for the structure.

The "Quantum Cloud" was last surveyed in January 2017 and some routine maintenance work was undertaken. No major restoration costs were incurred during 2022-23.

29. Long term investments

	Authority 31 March 2023 £000	Group 31 March 2023 £000	Authority 31 March 2022 £000	Group 31 March 2022 £000
Loans to joint venture - held at amortised cost	-	88,876	-	65,950
Loan to London Power Co. Ltd - held at amortised cost	80	80	145	145
Loan to LTLF LP (formerly GLA SR LP) - held at amortised cost	-	-	1,534,315	-
Infrastructure loans - held at amortised cost	-	125,475	-	120,676
Equity investments at cost	-	4,024	-	2,183
Contribution to LTLF LP (formerly GLA SR LP) - held at amortised cost	52,081	(0)	79,007	-
Fund investments - held at FVOCI	-	1,098,196	-	1,343,584
Loan to Limited Partnership - held at FVTPL	-	22,454	-	23,319
Investment in Limited Partnerships - held at FVTPL	-	2	-	-
Fund investments - held at FVTPL	-	378,519	-	304,689
Equity mortgages - held at FVTPL	-	32,431	-	35,331
Total	52,161	1,750,057	1,613,467	1,895,877

30. Investments in Subsidiaries

All investments in subsidiaries are held at cost in the holding entity's single entity accounts as permitted under the Code.

Greater London Authority

- **Greater London Authority Holdings Limited (GLAH)** - The Authority holds one £1 share in Greater London Authority Holdings Limited (GLAH). GLAH is registered in England and Wales and is a wholly owned subsidiary of the Authority. GLAH is a holding company and as such does not undertake any business activity.
- **SMEWFL's** main objective is to bridge the London funding gap for early stage businesses through the provision of loan and equity financing. On 31 October 2017, the Authority became the sole member of SME Wholesale Finance Limited (SMEWFL) thereby gaining full control of this entity. SMEWFL is accounted for as a subsidiary in the Authority's group accounts.

- **LCIF** makes equity investments into early stage companies in London's strategic sectors of Science, Digital and Technology, thereby addressing the funding issues faced by such companies. SMEWFL is a member of the London Co-Investment Fund LLP (LCIF), it has 100% economic interest and controls LCIF. The Authority controls LCIF via its control of SMEWFL and has accounted for LCIF as a subsidiary in the Authority's accounts.
- **GLIF** was established in June 2018 and is a wholly owned subsidiary of SMEWFL. The aim is to establish a £100m fund to provide finance to small and medium sized enterprises with funding provided by the European Regional Development Fund, the European Investment Bank, London Waste and Recycling Board and SMEWFL. The Authority controls GLIF via its control of SMEWFL and has accounted for GLIF as a subsidiary in the Authority's accounts.
- **London Treasury Liquidity Fund LP (LTLF LP) (formerly GLA Strategic Reserve LP (GLA SR LP)** is an alternative investment fund established on 29 January 2021, LSR GP Limited is the general partner and the GLA is currently the only limited partner. GLA SR LP has been consolidated on a line-by-line basis as a wholly owned GLA subsidiary.

31. Investments in Subsidiaries – Greater London Authority Holdings Limited (GLAH)

- **GLA Land and Property Limited (GLAP)** – At 31 March 2023, GLAH holds one £1 share in GLA Land and Property Limited (GLAP), a 100% shareholding.

GLAP is registered in England and Wales and is wholly owned by GLAH.

GLAP is fully consolidated into GLAH's group accounts.

- **London Treasury Limited (LTL)** - At 31 March 2023, GLAH holds £1,125,000 LTL shares, a 100% shareholding.

LTL is registered in England and Wales and is wholly owned by GLAH.

On materiality grounds GLAH has not consolidated London Treasury Limited.

LTL has a fully owned subsidiary **LTLF GP Limited** (formerly LSR GP Limited) (registration number SC679933), a general partner in the limited partnership **London Treasury Liquidity Fund LP (LTLF LP)** LTLF GP Limited (formerly LSR GP Limited),

SL034780, registered on 29 January 2021. GLA Strategic Reserve LP is a pooled investment vehicle for the GLA and in future, London Boroughs.

Both LSR GP limited and GLA Strategic Reserve LP are registered in Scotland.

- **London Power Co. Limited (LPC)** – At 31 March 2023, GLAH held 1,056,387 £1 shares in LPC.

LPC is registered in England and Wales and is wholly owned by GLAH.

On materiality grounds GLAH has not consolidated LPC.

32. Investments in Subsidiaries – London Legacy Development Corporation (LLDC)

LLDC is a Mayoral Development Corporation controlled by the Authority and is consolidated as a subsidiary in the Authority's accounts.

LLDC prepares group accounts for its subsidiaries **E20 Stadium LLP** and **London Stadium 185 Limited** and as the GLA consolidates LLDC's group accounts, these subsidiaries are also included in the GLA's group accounts.

LLDC is also the sole shareholder in **Stratford East Holdings Limited** which holds a non-controlling share of E20 Stadium LLP. Stratford East Holdings Limited is not consolidated by LLDC on materiality grounds.

- **E20 Stadium LLP** - LLDC and Stratford East Holdings Limited are members of E20 Stadium LLP. The E20 Stadium partnership is the legal entity that holds a 102-year leasehold interest in the Stadium Island site and is responsible for the transformation works and ongoing operations required to deliver a multi-use sporting venue, which is the permanent home of West Ham United Football Club and the national competition centre for UK Athletics.

E20 Stadium LLP is the sole shareholder of London Stadium 185 Limited and consolidates London Stadium 185 into its group accounts.

London Stadium 185 Limited - London Stadium 185 Limited's principal activities are the operation, management and commercial development of the Stadium at Queen Elizabeth Olympic Park. London Stadium 185 Limited is consolidated into E20 Stadium LLP's group accounts which in turn are consolidated into the group accounts of its parent, LLDC.

- **Stratford East London Developments Limited (SELD)** – LLDC entered into a joint venture with Ballymore Stratford East(2) Ltd through Stratford East London Developments Ltd to develop Stratford Waterfront and Bridgewater Triangle residential developments. The joint venture Stratford East London Partners (SELP) LLP began trading in 2022-23 and SELD's equity investment at cost at 31 March 2023 totalled £1.8m.
- **Stratford Waterfront Management Co Ltd (SWM)** was incorporated on 25 November 2019 and is a company limited by guarantee. LLDC provides the guarantee at a value of £1. SWM will manage the public realm of Stratford Waterfront with the first transactions expected in 2023-24.

33. Non-current Assets held for sale

At 31 March 2023, the Group did not hold any property, plant or equipment for sale.

34. Long-term debtors

Long term debtors are held at amortised cost or FVTPL; the classification and measurement approach selected, reflect the business model for holding the financial assets and their cashflow characteristics. See Note 2 Accounting Policies, xvii Fair Value for further details.

Long-term debtors comprise:

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2023	2023	2022	2022
	£000	£000	£000	£000
Loans to third parties for capital purposes	897,350	145,288	802,842	133,620
Other debtors	10	8,524	10	7,262
Expected credit loss	(38,003)	(38,003)	-	-
	859,357	115,809	802,852	140,882

35. Finance leases

Group as Lessor - Finance lease receivables

Details of the GLAH's finance leases (as lessor) include:

- The London International Exhibition Centre has been granted a 200-year lease ending in 2199 for the ExCel Exhibition Centre land
- A 95-year lease ending in 2075 with Workspace II Limited for a warehouse, office and secure yard at Quicksilver Place, Wood Green
- A 101-year lease ending in 2110 with London City Airport to allow the installation of airport landing lights at Albert Island, London E16; and
- Deferred receipts in relation to various development properties leased on long leases.

Gross investment in the leases at balance sheet date is made up of the following amounts:

	Group 31 March 2023 £000	Group 31 March 2022 £000
<i>Finance lease debtor (net present value of minimum lease payments):</i>		
Current	3,202	50,764
Non-current	47,327	49,156
Unearned finance income	5,045	8,679
Gross investment in the leases	55,574	108,599

The gross investment in the leases will be received over the following periods:

	Group 31 March 2023 £000	Group 31 March 2022 £000
Minimum lease payments		
Not later than one year	3,323	52,555
Later than one year and not later than five years	50,454	54,201
Later than five years	1,797	1,843
	55,574	108,599

	Group 31 March 2023 £000	Group 31 March 2022 £000
Finance lease debtor		
Not later than one year	3,202	50,764
Later than one year and not later than five years	46,593	48,416
Later than five years	734	740
	50,529	99,920

Group as Lessee - Finance lease liabilities

Details of the GLAH's finance leases as lessee include:

GLA Land and Property Limited

Held as Property, Plant and Equipment:

- The Crystal Palace 125-year lease with the London Borough of Bromley that expires in 2131. The leases cover the National Sports Centre, Capel Manor Farm, a lodge and residential properties.

Held as Inventory:

- Stephenson Street - a small 1.04 acre portion of the site is held on a long-term lease of 99 years with Network Rail, expiring in 2069, for the land and railway arches at Stephenson Street (ex-Parcelforce Site) in West Ham providing part of the access to the larger freehold adjoining property belonging to GLAP;
- Thames Wharf - two long leases (57 and 60 years long) GLAP took out with the London Borough of Newham at Thames Wharf as part of the larger property. Both leases expire in 2026;
- 20 Newburn Street, Kennington - this property is leased from London Housing Quadrant on a 125-year lease ending in 2129. It has subsequently been leased out on peppercorn rental to Riverside Community Development Trust; and
- CEME - this property is leased from Ford Motor Company on a 125-year lease ending in 2126.

Net book value of finance leases:

	Group 31 March 2023 £000	Group 31 March 2022 £000
Other Land and Buildings	0	0
Investment Property	6,456	904
Development Properties	36,545	32,849
	43,001	33,753

The minimum lease payments are made up of the following amounts:

	Group 31 March 2023 £000	Group 31 March 2022 £000
<i>Finance lease liabilities (net present value of minimum lease payments):</i>		
Current	12	22
Non-current	289	300
Finance costs payable in future years	215	243
Minimum lease payments	516	565

The minimum lease payments will be payable over the following periods:

	Group 31 March 2023 £000	Group 31 March 2022 £000
Not later than one year	25	49
Later than one year and not later than five years	83	91
Later than five years	408	425
	516	565

The finance lease liabilities will be payable over the following periods:

	Group 31 March 2023 £000	Group 31 March 2022 £000
Not later than one year	12	22
Later than one year and not later than five years	37	42
Later than five years	252	258
	301	322

36. Capital Expenditure and Financing – Authority

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (“CFR”), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2023 £000	2022 £000
Opening Capital Financing Requirement at 1 April	5,452,875	5,162,815
Capital Investment in year		
Property, Plant, Equipment and Intangibles	6,504	13,804
Loans to external organisations for capital purposes	68,572	77,502
Loan repayments originally financed by borrowing	(37,818)	(86,690)
REFCUS*-grant payments to external organisations for capital purposes	2,366,358	1,026,416
REFCUS- Payment to TfL for Crossrail	271,000	554,000
REFCUS- Payment to TfL for the Northern Line extension	1,862	16,469
REFCUS- Payment to TfL for Elephant & Castle roundabout	17,600	13,454
Sources of Finance		
Government grants and other contributions	(1,873,342)	(1,057,419)
London Borough Southwark contributions	(17,600)	(13,454)
Capital receipts	(401,144)	(8,904)
Sums set aside from revenue		
Minimum revenue provision - Crossrail	(283,909)	(225,522)
Revenue financing of capital for GLA capital spend	(121,473)	(19,596)
Closing Capital Financing Requirement at 31 March	5,449,485	5,452,875
Explanation of movements in year		
Opening Capital Finance Requirement	5,452,875	5,162,815
Minimum Revenue Provision-Crossrail	(283,909)	(225,522)
Increase / (decrease) in underlying need to borrow _Crossrail	271,000	554,000
Increase / (decrease) in underlying need to borrow _ NLE	1,862	16,469
Increase / (decrease) in underlying need to borrow _Loans to Third Parties	7,657	(54,887)
Closing Capital Financing Requirement at 31 March	5,449,485	5,452,875

* REFCUS – Revenue Expenditure Funded by Capital Under Statute (grants paid to third parties for capital purposes). These being transactions that would not be capitalised under standard accounting practice, but that are defined as capital expenditure under the Local Government Act 2003 and its associated regulations.

37. Inventories

Inventories comprise land and buildings held for sale by GLA Land and Property Limited and London Legacy Development Corporation. See Note 5 for key assumptions in relation to asset valuations, and sources of estimation uncertainty.

	Group 31 March 2023 £000	Group 31 March 2022 £000
Balances at 31 March	411,702	323,122
Prior year adjustments	-	0
1 April	411,702	323,122
Purchases (LLDC Residential & GLAP land and buildings)	28,684	17,841
Purchases (LLDC East Bank)	140,105	145,185
Purchases offset against grant provision (LLDC East Bank)	(22,618)	(55,179)
Transfer to Investment Properties	(3,461)	39,347
Transfer from Investment Properties	19,678	0
Recognised as an expense in the year	(19,179)	(66,871)
Written off balances	-	-
Increase/(decrease) in net realisable value	(27,816)	(376)
Reversals of write-offs in previous years	53	8,633
Balance at 31 March	527,148	411,702
Split:		
Inventory valued at at lower of cost and net realisable value	359,361	302,536
Inventory valued at the lower of cost and replacement cost	167,787	109,166
Balance at 31 March	527,148	411,702

At 31 March 2023, inventories held were split as follows - £239.9m (GLAP) and £287.2m (LLDC).

GLAP and LLDC are required to determine the carrying value of inventories with reference to IAS 2 Inventories (IAS 2), and as a public body LLDC also makes reference to IPSAS 12 Inventories. This includes determining whether the estimated net realisable value (where applicable) is less than the asset's carrying value; if so, the carrying value is written down and charged to the Statement of Comprehensive Income, and for LLDC only, then reversed via the MIRS to the Capital Adjustment Account.

For its residential inventories, LLDC will use its forecast share of the developer's estimated sale receipts to determine the net realisable value and ensure that the recorded inventories are stated at the lower of cost and net realisable value. In determining the net realisable value, LLDC is required to make estimates about expected future receipts from its developments, which will be based on a variety of assumptions, including projections of future housing market growth. Changes in such factors could impact upon future forecast receipts and therefore the carrying value of LLDC's inventories, with movements being recorded in the Comprehensive Income and Expenditure Statement, which could have a significant effect on the reported financial performance of LLDC.

For East Bank, inventories that are carried at net realisable value, LLDC will use its forecast contributions from the East Bank partners and the estimated costs to complete (based on the Anticipated Final Cost as determined in conjunction with its Project Management Partner, Mace) to determine the net realisable value. These are based on a variety of assumptions, including construction prices, which may vary and impact upon the carrying value of the East Bank inventories.

If the use of an investment property changes such that it requires a transfer to inventories, then the property's deemed cost in accordance with IAS 2 shall be its fair value at the date of change in use (see Investment Property and Inventories accounting policies).

In applying the Inventories accounting policy, LLDC has made the following judgements:

- Residential development assets: Development with a view to sale has commenced at Chobham Manor and East Wick and Sweetwater (Phase 1) and these are therefore recognised as inventories at the lower of cost and net realisable value. At the date of transfer from Investment Properties, the assets' deemed cost was their fair value at the date of change in use. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. As these developments are undertaken by third parties on LLDC's behalf (for example, via a development agreement), LLDC has used its forecast share of the developer's estimated sale receipts to determine the net realisable value (as LLDC does not incur any costs of completion or marketing, selling and distribution).
- East Bank assets: LLDC has determined that the following East Bank assets meet the definition of inventories as they have commenced development with a view to sale or donation/distribution:

- University of the Arts London (UAL): Measured at the lower of cost and net realisable value as UAL are paying a lease prepayment under the finance lease arrangement and making contributions towards the cost of their building under the terms of the agreement with them.
- BBC: Measured at the lower of cost and net realisable value as BBC entered into a finance lease agreement with nominal charge and are making contributions towards the cost of their building under the terms of the agreement with them.
- Sadler's Wells and V&A: Measured at the lower of cost and current replacement cost in accordance with IPSAS 12 as these buildings are being distributed to the partners at no charge or for a nominal charge.
- Retail units at Stratford Waterfront: Measured at the lower of cost and net realisable value as LLDC expects to dispose of these assets for a contribution.

For each of the above East Bank assets, LLDC has determined that a provision is required for LLDC's contributions towards the cost of the buildings. The value of the provision is based upon LLDC's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For UAL, BBC and Retail, purchases are offset against the provision first, such that when the buildings are completed and handed over, the inventory balance will be equal to their contributions towards the cost of their buildings. For Sadler's Wells and V&A, purchases are not applied against the provision until the buildings are completed and handed over, which is in accordance with the requirements of the Code. Purchases that are offset against the provision during the year are disclosed in this note.

38. Debtors

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2023	2023	2022	2022
	£000	£000	£000	£000
Central government bodies	235,802	255,479	803,415	829,407
Local Authorities & Functional Bodies	766,364	766,732	232,034	232,394
Public corporations and trading funds	65	65	-	-
Subsidiary/Parent	220,459	25,788	314,096	1,044
Other entities and individuals	346,007	382,265	309,046	375,170
Total	1,568,697	1,430,329	1,658,591	1,438,015

39. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2023	2023	2022	2022
	£000	£000	£000	£000
Bank current accounts	8,846	53,520	177,339	216,043
Other deposits	2,769,190	68,457	623,767	681,132
Payments in transit	(121,375)	(121,375)	-	-
Total	2,656,661	602	801,106	897,175

40. Creditors and receipts in advance

	Authority 31 March 2023 £000	Group 31 March 2023 £000	Authority 31 March 2022 £000	Group 31 March 2022 £000
Central government bodies	(95,052)	(124,053)	(61,959)	(75,868)
Local Authorities & Functional Bodies	(285,088)	(300,956)	(578,972)	(590,555)
NHS bodies	(264)	(1,464)	(223)	(223)
Public corporations and trading funds	(269)	(269)	(501)	(501)
Other entities and individuals	(605,708)	(766,496)	(464,017)	(536,272)
Subsidiary/Parent	(4,314)	(23)	(1,074)	(31)
Total Creditors	(990,695)	(1,193,261)	(1,106,746)	(1,203,450)
Receipts in advance - Revenue	(20,542)	(21,320)	(8,310)	(8,571)
Receipts in advance - Capital	(77,788)	(79,317)	(86,268)	(86,837)
Total Receipts in Advance	(98,330)	(100,637)	(94,578)	(95,408)

41. Provisions

During the year, the following movements occurred on the Authority and Group's current and non-current provisions:

Group Non-Current and Current

Provisions - Non Current & Current	Outstanding Legal Cases £000	E20 LLP Onerous Contracts £000	Other Provisions £000	NDR* Appeals £000	East Bank grant £000	Total £000
Balance at 1 April 2022	(1,050)	(231,950)	(15,416)	(397,574)	(224,491)	(870,481)
Additional provisions made	-	-	(1,332)	(159,660)	(42,430)	(203,422)
Amounts used	-	6,353	-	165,842	22,618	194,813
Unused amounts reversed in year	-	-	250	-	-	250
Effect of change in discount rate	-	44,333	-	-	-	44,333
Unwinding of discount	-	(4,564)	-	-	-	(4,564)
Other adjustments	25	-	14,376	(4,884)	-	9,517
Balance at 31 March 2023	(1,025)	(185,828)	(2,122)	(396,276)	(244,303)	(829,554)

Group Non-Current

Provisions - Non Current	Outstanding Legal Cases	E20 LLP Onerous Contracts	Other Provisions	Non-Domestic Rates (NDR) Appeals	East Bank grant	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	-	(225,694)	(300)	(397,574)	0	(623,568)
Additional provisions made in year	-	-	-	(159,660)	-	(159,660)
Amounts used in year	-	-	-	165,842	-	165,842
Unused amounts reversed in year	-	-	-	-	-	-
Effect of change in discount rate	-	55,281	-	-	-	55,281
Unwinding of discount	-	(4,564)	-	-	-	(4,564)
Other adjustments	-	-	-	(4,884)	-	(4,884)
Balance at 31 March 2023	-	(174,977)	(300)	(396,276)	0	(571,553)

Group Current

PROVISIONS - Current	Outstanding Legal Cases	E20 LLP Onerous Contracts	Other Provisions	Non-Domestic Rates (NDR) Appeals	East Bank grant	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	(1,050)	(6,256)	(15,116)	-	(224,491)	(246,913)
Additional provisions made in year	-	-	(1,332)	-	(42,430)	(43,762)
Amounts used in year	-	6,353	-	-	22,618	28,971
Unused amounts reversed in year	-	-	250	-	-	250
Effect of change in discount rate	-	(10,948)	-	-	-	(10,948)
Unwinding of discount	-	-	-	-	-	-
Other adjustments	25	-	14,376	-	-	14,401
Balance at 31 March 2023	(1,025)	(10,851)	(1,822)	-	(244,303)	(258,001)

Authority
Provisions - Non Current and Current

	Outstanding Legal Cases	NDR Appeals	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2022	(1,050)	(397,574)	(14,376)	(413,000)
Additional provisions made	-	(159,660)	(1,000)	(160,660)
Amounts used	-	165,842	-	165,842
Unused amounts reversed	25	-	14,376	14,401
Other adjustments	-	(4,884)	-	(4,884)
Balance at 31 March 2023	(1,025)	(396,276)	(1,000)	(398,301)

Authority
Provisions - Non Current

	Outstanding Legal Cases	NDR Appeals	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2022	-	(397,574)	-	(397,574)
Additional provisions made	-	(159,660)	-	(159,660)
Amounts used	-	165,842	-	165,842
Unused amounts reversed	-	-	-	-
Other adjustments	-	(4,884)	-	(4,884)
Balance at 31 March 2023	-	(396,276)	-	(396,276)

Authority
Provisions - Current

	Outstanding Legal Cases	NDR Appeals	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2022	(1,050)	-	(14,376)	(15,426)
Additional provisions made	-	-	(1,000)	(1,000)
Amounts used	-	-	-	-
Unused amounts reversed	25	-	14,376	14,401
Balance at 31 March 2023	(1,025)	-	(1,000)	(2,025)

Outstanding Legal Cases Current (GLA) – the Authority’s provision of £1.03m relates to expected legal costs, payable within the next 12 months, in three legal cases in relation to two planning applications and an environmental matter.

E20 Stadium LLP Onerous Contracts (LLDC)

Forecasts of E20 Stadium LLP's financial outlook, particularly in relation to the cost of hosting West Ham United matches and the cost of moving the relocatable seats between football and athletics modes, required an assessment in 2016-17 of whether any of its contracts were deemed to be onerous (loss-making) in line with accounting standards. This assessment concluded that two of its contracts were deemed to be onerous: the Concession Agreement with West Ham United and the Access Agreement with UK Athletics. Consequently, E20 Stadium LLP established a provision for these losses.

The calculation of the provision

- uses only those revenues, costs and overheads that are directly attributable to the West Ham United Football Club and UK Athletics agreements. Revenues, costs and overheads not directly attributable to those agreements are not included in the calculation
- is based on cashflows for the remaining 93-year term of the concession agreement (note the calculation includes cashflows relating to the UK Athletics agreement up to its expiry in 41 years); and
- adopts a discount rate which reflects a risk-free rate (based on Government gilt rates at the reporting date).

At 31 March 2023, the provision totalled £185.8m (£231.9m at 31 March 2022)

Other Provisions Current (GLA) – the Authority has made a provision for £1m for 2022-23 unbilled business rates for City Hall.

Other Provisions Current (GLA) – the Authority made a provision for £14.4m in 2021-22, this provision was not ultimately required and has been released in 2022-23.

Other Provisions Current – Park transformation/Dilapidation costs (LLDC)

As at 31 March 2023 a provision of £0.3m has been recognised in LLDC's single entity accounts. This is in respect of residual costs relating to the Park Transformation and dilapidation costs from the office move.

Other Provisions Non-Current - Millfield Transfer Station (GLAP) – GLAP, along with the London Borough of Hackney, has an obligation to undertake repairs and other works at the Millfield Transfer Station. The obligation arises from a landfill site relocation

for the 2012 Olympics. A payment was made in 2016 and an agreement signed in 2021-22 contracts GLAP to pay up to £0.3m in final settlement of this obligation. However, the final amount and timing of the payment has not yet been determined.

Other Provisions Current - Barking Fire Response (GLAP)- following a fire at the Barking Riverside development in 2019, an independent fire review was undertaken of the 33 properties originally built by London Thames Gateway Development Corporation which transferred to GLAP on 31 March 2012 under the 2011 Localism Act. The review recommended that the exterior timber cladding be replaced to enhance the fire safety of the dwellings. Though now privately owned, the Mayor, via MD2514, confirmed his stance that as the body now responsible for the development and delivery of the homes, GLAP, along with 2 other delivery partners, would bear the costs of the works.

A provision for £0.5m has been created for GLAP's estimated share of the costs incurred to date, the timing of the payments is yet to be agreed via a collaboration agreement.

Non-domestic rates appeals provision Non-Current (GLA)

The NDR appeals provision is the GLA's 37 per cent share of billing authorities estimates of the provision required for potential refunds relating to retrospective alterations to the rating list.

The in-year movement in this provision has been analysed between amounts charged to the provision during the year to reflect changes to rate-payers liabilities following alterations to the non-domestic rating list which have previously been provided for and additional provisions made during the year which take into account an assessment of future risks of losses in rating income. Adjustments have also been made due to post audit changes relating to 2021-22 agreed by billing authorities with their external auditors. The closing balance on the appeals provision at 31 March 2023 is £396.3m. The current expectation is that these appeals will not be settled within 12 months.

East Bank Provision (LLDC)

For the East Bank project, LLDC has determined that it has constructive obligations under the agreements with the respective East Bank partners to contribute towards (or pay for entirely) the costs of their buildings. LLDC has concluded that its contributions towards the cost of the cultural and education buildings (University of the Arts London, V&A, Sadler's Wells and BBC) and the retail units at Stratford Waterfront require a provision to be established from the date that the agreements for lease were signed (all

pre-31 March 2020). The provision is in line with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and is based on LLDC's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Changes to the provision are recognised in the Comprehensive Income and Expenditure Statement (within East Bank gross expenditure).

At 31 March 2023, the provision totalled £244.3m (£224.5m at 31 March 2022)

42. Usable Reserves

Movements in the Authority's and Group's usable reserves are detailed in the Movement in Reserves Statement and Note 9.

43. Unusable Reserves

	Authority 31 March 2023 £000	Group 31 March 2023 £000	Authority 31 March 2022 £000	Group 31 March 2022 £000
Revaluation Reserve	(1,154)	(1,154)	(959)	(25,565)
Financial Instruments Revaluation Reserve	-	658	-	(1,548)
Capital Adjustment Account	4,667,526	5,204,857	4,626,612	5,176,071
Deferred Capital Receipts Reserve	(300,147)	(146)	(300,146)	(146)
Pensions Reserve	(26,705)	(33,150)	207,959	260,051
Collection Fund Adjustment Account-Council tax	(16,550)	(16,549)	(3,294)	(3,294)
Collection Fund Adjustment Account-Non Domestic rates	4,031	4,031	914,639	914,639
Accumulated Absences Account	2,359	2,734	2,652	2,975
Financial Instruments Adjustment Account	7,829	7,831	9,836	9,836
Capital Contributions	-	(117)	-	(139)
Members Equity	-	(35,688)	-	(28,939)
Merger Reserves	69,185	(361,410)	69,185	(361,410)
Total Unusable Reserves	4,406,374	4,771,896	5,526,484	5,942,530

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Group arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Balance at 1 April				
Balance at 1 April	(959)	(25,565)	(805)	(37,037)
Upward revaluation of assets	(195)	(195)	(154)	(154)
Deferred tax on revaluation gains	-	-	-	(2,158)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	-	-	-	13,784
(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	(195)	(195)	(154)	11,472
Accumulated gains on assets sold or scrapped	-	24,606	-	-
Amount written off to the Capital Adjustment Account	-	24,606	-	-
Balance at 31 March	(1,154)	(1,154)	(959)	(25,565)

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the losses arising from the decrease in value of financial instruments held as fair value through other comprehensive income. The movement in the table below arises solely the residential mortgage backed securities, all of which have been transferred in year to LTLF LP.

	Authority 2022/ 23 £000	Authority 2021/ 22 £000
Balance at 1 April	-	(4,297)
(Upward)/ Downward revaluation of investments		
Reversal of prior period adjustments *	-	4,297
(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	-	-
Balance at 31 March	-	-

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of these assets under statutory provisions. The Account is debited with depreciation, amortisation and revenue spend financed by capital. The Account is credited with the amounts set aside by the Authority and Group as finance for the costs of acquisition, construction and enhancement. Where spend is incurred in advance of financing being received (as is the case with Crossrail and Northern Line Extension contributions and expenditure) this results in a deficit balance on the reserve.

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Balance at 1 April 2020 as restated	4,626,612	5,176,071	4,311,378	4,985,025
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation, impairment and write off of obsolete fixed assets	3,893	16,403	3,211	8,578
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Account	35,357	35,357	-	(41,020)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-	41,392	-	-
Revenue expenditure funded from capital under statute	2,656,820	2,658,054	1,709,007	1,710,023
Fair value through profit and loss adjustments	-	-	(10,406)	(22,372)
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Account	-	(2,351)	-	5,355
Corporation Tax liability for the year	-	11,367	-	4,557
Other adjustments	-	-	-	(383)
Amounts of inventories written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	12,554	-	57,948
	2,696,070	2,772,776	1,701,812	1,722,686
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(401,143)	(414,204)	(8,904)	(75,797)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(46,247)	(164,202)	(48,847)	(151,374)
Application of grants to financing from the Capital Grants Unapplied Account	(1,844,691)	(1,844,691)	(1,022,026)	(1,022,026)
Statutory provision for the financing of capital investment charged against the General Fund	(283,909)	(283,909)	(225,522)	(225,522)
Capital expenditure charged against the General Fund	(121,473)	(121,473)	(118,264)	(118,264)
Increase/decrease in provisions for capital purposes	-	42,180	-	24,358
Repayment of long term capital debtors	42,308	42,308	36,985	36,985
	(2,655,155)	(2,743,991)	(1,386,578)	(1,531,640)
Balance at 31 March	4,667,527	5,204,857	4,626,612	5,176,071

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Group does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts.

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Balance at 1 April	(300,146)	(146)	(300,361)	(361)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	215	215
Balance at 31 March	(300,146)	(146)	(300,146)	(146)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions, for defined benefit pension schemes. The Authority and Group account for post-employment benefits in the CIES as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority and Group make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. A debit/credit balance on the Pensions Reserve e shows the shortfall/surplus in the benefits earned by past and current employees and the resources the Authority and Group have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Balance at 1 April	207,959	260,051	262,190	302,011
Actuarial (gains) / losses on pension assets and liabilities	(244,614)	(306,847)	(88,628)	(82,237)
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	18,087	23,507	41,363	47,544
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,137)	(9,861)	(6,966)	(7,267)
Balance at 31 March	(26,705)	(33,150)	207,959	260,051

Collection Fund Adjustment Account – Council Tax

The Collection Fund Adjustment Account (Council Tax) manages the differences arising from the recognition of council tax income in the CIES as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the London Boroughs and City of London Corporation's Collection Funds.

	Authority 2022/23 £000	Authority 2021/22 £000
Balance at 1 April	(3,294)	18,330
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(13,255)	(21,624)
Balance at 31 March	(16,549)	(3,294)

Collection Fund Adjustment Account – Non-Domestic Rates

The Collection Fund Adjustment Account (Non-Domestic Rates) manages the differences arising from the recognition of non-domestic rates income in the CIES as it falls due from non-domestic rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the London Boroughs and City of London Corporation's Collection Fund.

	Authority 2022/23 £000	Authority 2021/22 £000
Balance at 1 April	914,639	1,600,328
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(910,608)	(685,689)
Balance at 31 March	4,031	914,639

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Balance at 1 April	2,652	2,975	2,725	3,201
Settlement or cancellation of accrual made at the end of the preceding year	(2,652)	(2,850)	(2,725)	(3,148)
Amounts accrued at the end of the current year	2,359	2,609	2,652	2,922
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(293)	(241)	(73)	(226)
Balance at 31 March	2,359	2,734	2,652	2,975

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage the write down of soft loans to fair value. The initial write down is debited to the CIES on recognition of the loan but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the write down is reversed by crediting the effective interest rate on the loan to the General Fund Balance over the life of the loan.

	Authority 2022/ 23 £000	Authority 2021/ 22 £000
Balance at 1 April	9,836	11,741
Write down of soft loans to fair value charged to the Comprehensive Income and Expenditure Statement	337	445
Effective interest rate on soft loans credited to the Comprehensive Income and Expenditure Statement	(2,342)	(2,350)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,005)	(1,905)
Balance at 31 March	7,831	9,836

Merger Reserve

The merger reserve arose as a result of the transfer of the net assets of London Development Agency, Homes and Communities Agency London and London Thames Gateway Development Corporation to the Authority on 1 April 2012.

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Balance at 1 April	69,185	(361,410)	69,185	(361,410)
Movement in year	-	-	-	-
	69,185	(361,410)	69,185	(361,410)

44. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

	Authority	Group	Authority	Group
	2022/23	2022/23	2021/22	2021/22
	£000	£000	£000	£000
Depreciation of property, plant and equipment , amortisation of intangibles	3,892	5,735	3,211	11,239
Impairment of FVTPL assets	-	(20)	-	-
Impairment of financial instruments at amortised cost	35,357	42,011	-	23,404
Inflation uplift on Bonds	22,895	22,895	6,628	6,628
Other movements in financial instruments	-	-	736	736
Property Plant and equipment assets written out	-	-	-	(277)
Inventory disposals (non-East Bank)	-	12,554	-	60,106
Change in fair value on FVTPL assets	-	(5,818)	-	(45,840)
Change in fair value of investment property	-	48,131	-	(58,173)
Reversal in fair value though profit and loss movements	-	865	-	(1,065)
Movement in pensions liability	9,950	13,802	34,397	40,277
Unwind of discount on loan investments	(2,005)	(2,005)	(1,905)	(1,905)
Increase/ (decrease) in creditors and deferred income	(142,935)	(120,381)	(470,133)	(458,851)
(Increase)/decrease in debtors	3,499	(9,059)	450,802	391,695
Increase/(decrease) in impairment provision for bad debts	-	(13)	-	(113)
(Increase)/ decrease in stock	-	9,895	-	431
Increase/ (decrease) in provisions	(14,699)	(40,927)	(80,522)	(110,387)
Tax expense	-	7,027	-	2,456
(Increase)/decrease in interest receivable	(11,528)	(18,995)	4,044	(2,067)
Increase/(decrease) in finance lease receivables	-	50,943	-	(1,785)
Increase/(decrease) in interest payable	6,341	5,952	22,394	21,431
Other non cash movements	-	1,121	-	1,010
Inventory net change to net realisable value	-	-	-	(2,159)
Increase/ (decrease) in deferred tax liability	-	-	-	5,355
Reversal of share of loss or profit on joint venture	-	5,265	-	-
	(89,233)	28,978	(30,348)	(117,854)

45. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services investing and financing activities

	Authority	Group	Authority	Group
	2022/23	2022/23	2021/22	2021/22
	£000	£000	£000	£000
(Gain)/loss on financial instruments held at FVTPL	-	815	-	251
(Gain)/loss on sale of investment property	-	(50)	-	-
Reversal of capital grants recognised in the income and expenditure statement	(975,053)	(1,092,110)	(543,094)	(645,315)
Other investing or financing cash flows	-	10,360	-	5,042
	(975,053)	(1,080,985)	(543,094)	(640,022)

The cash flows for operating activities include the following items

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Interest paid	(174,019)	(174,019)	(141,424)	(141,424)
Interest received	113,959	100,020	56,252	60,933
Taxation paid	-	311	-	311

46. Cash Flow Statement – Investing Activities

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Purchase of property, plant and equipment, investment property and intangible assets	(7,890)	(50,825)	(13,804)	(35,665)
Purchase of short-term and long-term investments	(1,361,037)	(2,138,711)	(8,388,933)	(7,037,426)
Other movements on investing activities	-	(1,155)	-	(1,093)
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	-	950	-	-
Inventory purchases not set against provision (East Bank)	-	(117,488)	-	(90,007)
Inventory purchases (non-East Bank)	-	(4,191)	-	(17,605)
Capital grants received	1,012,823	1,129,880	624,494	745,374
Proceeds from short-term and long-term investments	4,415,786	2,236,214	7,939,092	6,439,767
Proceeds from the sale of financial instruments held at FVTPL	-	2,343	-	1,176
Investments in joint venture	-	(1,837)	-	-
Net cash flows from investing activities	4,059,682	1,055,180	160,849	4,520

47. Cash Flow Statement – Financing Activities

	Authority 2022/23 £000	Group 2022/23 £000	Authority 2021/22 £000	Group 2021/22 £000
Cash receipts of short and long-term borrowing	1,146,531	1,344,102	781,866	1,059,640
Other receipts from financing activities	-	21,083	-	16,977
Repayments of short and long-term borrowing	(1,226,181)	(1,274,998)	(603,678)	(710,368)
Other payments for financing activities	(5,482)	(32,575)	14,114	32,334
Net cash flows from financing activities	(85,132)	57,611	192,302	398,583

47a. Reconciliation of Liabilities arising from Financing Activities

Group

Reconciliation of Liabilities arising from Financing Activities

Group

Reconciliation of Liabilities arising from Financing Activities

	Group 2022/23 1 April £000	Group Financing Cashflows £000	Group Non-financing cash Movements £000	Group 2022/23 31 March £000
Long Term and Short Term Borrowings	(5,694,760)	(69,104)	(28,371)	(5,792,233)
Finance Lease Liabilities	(322)	21	-	(301)
Total Liabilities from Financing Activities	(5,695,082)	(69,083)	(28,371)	(5,792,534)

Reconciliation of Liabilities arising from Financing Activities

	Group 2021/22 1 April £000	Group Financing Cashflows £000	Group Non-financing cash Movements £000	Group 2021/22 31 March £000
Long Term and Short Term Borrowings	(5,342,429)	(349,274)	(3,057)	(5,694,760)
Finance Lease Liabilities	(37)	1	(286)	(322)
Total Liabilities from Financing Activities	(5,342,466)	(349,273)	(3,343)	(5,695,082)

Authority

	1 April 2022 £000	Financing Cashflows £000	Non- financing cash Movements £000	31 March 2023 £000	1 April 2021 £000	Financing Cashflows £000	Non- financing cash Movements £000	31 March 2022 £000
Long Term and Short Term Borrowings	(5,600,787)	79,650	(29,236)	(5,550,373)	(5,393,576)	(178,188)	(29,023)	(5,600,787)
Finance Lease Liabilities	-	-	-	-	-	-	-	-
Total Liabilities from Financing Activities	(5,600,787)	79,650	(29,236)	(5,550,373)	(5,393,576)	(178,188)	(29,023)	(5,600,787)

48. Related Parties

IAS 24 (Related Party transactions) requires the Authority to disclose any material transactions with related parties, that is, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to limit another party's ability to bargain freely with the Authority.

Transactions which have been disclosed elsewhere in these financial statements will not be included in this note.

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates. It provides significant funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax, Business Rates). Grants received from Government Departments are set out in the Grants note.

Transactions with public bodies

During the year amounts payable to related parties totaled:

	2022/23 £000	2021/22 £000
Local Government	1,073,634	416,103
Public Corporations	135	2,304
Hospitals	293	268

For amounts owed by the Authority to related parties, see Creditors, Note 40.

Significant grants receivable from related parties are disclosed in Note 16 Grant Income and within Note 13 Taxation and Non-Specific Grant Income and Expenditure.

For amounts owed to the Authority by related parties, see Debtors Note 38.

Transactions with subsidiaries

Greater London Authority Holdings Limited (GLAH)

GLAH is a wholly owned subsidiary of the Greater London Authority. The Authority holds a £1 share in GLAH. GLAH, in turn, is the parent of GLA Land and Property Limited ("GLAP"), GLAP is a wholly owned subsidiary of GLAH. The Authority has prepared group accounts which consolidate the group accounts of Greater London Authority Holdings Limited.

- In 2022-23 the GLA charged GLAP £6.3m for staff, accommodation and other overhead costs (£7.2m-2021-22)
- At 31 March 2023 there was £489m outstanding on the loans the GLA made to the GLAP and GLAH (£518.9m-31 March 2022). In 2022-23 GLAP paid £18.5m interest to the GLA (£18.9m-2021-22)
- At 31 March 2023, the Company had £69.3m invested with the GLA (£59.4m-31 March 2022).

London Treasury Ltd (LTL)

LTL was acquired by the GLAH in August 2018 and operates under the Financial Services and Markets Act 2000 authorisation and provides treasury management services to the GLA, its functional bodies (except TfL).

In 2022-23 the GLA paid £1,844k to LTL in fund manager fees (£811k – 2021-22);

At 31 March 2023, LTL's net assets totalled £1.5m (£1.3m at 31 March 2022).

London TravelWatch (LTW)

London TravelWatch is a body corporate (under its statutory title of the London Transport Users Committee). It acts as an independent passenger watchdog, reviewing London's transport services, conducting research into London's Transport and acting as an appeals body for passenger complaints. LTW reports to and is funded by the London Assembly. The Board of LTW comprises a Chair and 12 members, all of whom are appointed by the London Assembly. They are supported by around 9.1 full time equivalent staff. Its legal status is set out in the Greater London Authority Act 1999 as amended by the Railways Act 2005.

The London Assembly has the power to issue guidance and direction to London TravelWatch subject to explaining why any such action is proposed. The London Assembly also approves LTW's budget and requires that its accounts and business plan be submitted to the GLA.

On the grounds of materiality, London TravelWatch is no longer consolidated as a subsidiary of the Authority in the consolidated financial statements. In 2022-23 the Authority provided LTW with funding of £1.1m (£1.1m – 2021-22).

London Legacy Development Corporation

LLDC is a mayoral development corporation, created using powers given to the Mayor of London in the Localism Act 2011, and its purpose is to manage the ongoing regeneration and development of the Olympic Park and surrounding areas of east London. The LLDC was created on 9 March 2012 and, on 1 April 2012, the property, assets, liabilities, and staff of the Olympic Park Legacy Corporation transferred to the LLDC.

The LLDC has been accounted for as a subsidiary of the Authority in the consolidated financial statements.

In 2022-23 the Authority paid LLDC revenue grant totalling £44.3m (£46.4m – 2021-22) and capital grant for the East Bank project totalling £108.7m (£100m – 2021-22)). The loan balance at 31 March 2023 was £442.3m (£399.1m – 31 March 2022).

Interest receivable on the loan totalled £12.2m (£11.2m – 2021-22).

The Hackney Wick loan balance stands at £.5m at 31 March 2023 (£1.0m at 31 March 2022).

E20 Stadiums LLP

E20 Stadiums LLP is a wholly owned subsidiary of LLDC. The Mayor obtained full control in December 2017 after the agreed retirement of NLI from the E20 Stadium partnership. There have been no related party transactions during the year.

Old Oak and Park Royal Development Corporation (OPDC)

OPDC is a mayoral development corporation established under the powers of the Localism Act 2011. The OPDC has planning powers and regeneration responsibility within its boundaries. The corporation is responsible for the regeneration of Old Oak Common in West London. The organisation was created on the 1st April 2015.

During 2022-23 the GLA provided grant funding of £7.3m (£5.6m in 2021-22).

London 2017 Limited

London 2017 Limited was set up jointly by the GLA and UK Athletics (UKA) with the purpose of organising and staging the IAAF World Championship in London in 2017. The Mayor appointed a Co-chair and one other Director to the company's board.

The company is in liquidation as all the activities in relation to the championship have now ended.

London Power Co. Ltd (LPC)

London Power Co. Limited is a private company limited by shares. It was incorporated on 19 July 2019, In March 2021, the LPC terminated and repaid a £1,056k loan from the GLA, and replaced this financing with a share capital issue of £1,056k to Greater London Authority Holdings Limited (GLAH) the sole shareholder. LPC has contracted the services of energy supplier Octopus Energy Limited to provide gas and electricity to Londoners.

LPC has not been consolidated into GLA's group accounts on materiality grounds.

LPC borrowing (including accrued interest) from the GLA stood at £81k at 31 March 2023 (£158k at 31 March 2022). In 2022-23, the Greater London Authority (GLA) charged the LPC £70k for accommodation and other overhead costs (£214k – 2021-22).

London Treasury Liquidity Fund LP (LTLF LP)

GLA Strategic Reserve Limited Partnership is an alternative investment fund established on 29 January 2021, LSR GP Limited is the general partner and the GLA is currently the only limited partner. GLA Strategic Reserve LP has been consolidated on a line-by-line basis as a wholly owned GLA subsidiary.

At 31 March 2023, the Authority held loan notes in LTLF LP totalling £2.8bn and made a £52m capital contribution to the limited partnership. See note 50f for further information.

Interest receivable and a partnership distribution of £12.0m was payable to the Authority in 2022-23.

Other Parties**MedCity Ltd.**

The Deputy Mayor for Business is an observer on MedCity's founders committee and advisory board. During 2022-23, the GLA provided grant funding of £0.6m to MedCity (£0.4m in 2021-22)

Public Practice

The Deputy Mayor for Planning, Regeneration, and Skills is a director of Public Practice. During 2021-22, the GLA provided grant funding of £38k to Public Practice, (£97k in 2021-22)

Future of London 2011 Ltd.

Interim Assistant Director Planning is a board member of Future of London 2011. During 2021-22, the GLA paid of £80k to Future of London, for Sponsorship of Council led housing forum, (14k in 2021-22).

Trust for London

An Assembly Member is a Trustee of Trust for London Trustee.

During 2022-23, the GLA paid of £25k Trust for London Trustee for London Housing panel (£23k in 2021-22)

Studio 3 Arts

An Assembly Member is a trustee of Studio 3 Arts.

In 2022-2 grants totalling £45k were paid to Studio 3 Arts.

University College London (UCL)

An Assistant Director's husband is a Director at UCL.

During 2022-23, GLA provided £83k to UCL (£81k in 2021-22) for research and study fees and grants.

Pembroke House

The Head of Regeneration's husband is part of the leadership team at Pembroke House.

In 2022-23 the GLA paid £16k grant (£15k in 2021-22) to Pembroke House from the GLA's Food Roots Incubator programme.

49. Interests in Other Organisations**Museum of London**

From 1 April 2008, the Authority assumed the role of co-sponsor (along with the Corporation of London) of the Museum of London and has the right to appoint half of the Museum's Board.

The Authority has also committed to contribute to funding of the relocation of the Museum of London from its current London Wall site to a new site at Smithfield General Market.

- In 2022-23, the GLA provided £8.1m grant funding (£8.1m– 2021-22) to the Museum of London.

London & Partners

London & Partners was incorporated on 14 January 2011 as a company limited by guarantee. It commenced operations on 1 April 2011. London & Partners is a commercially driven organisation, championing London as the best big city on earth. It will generate economic benefits for the capital and maintain London's leading position by attracting and generating spend from visitors and

overseas students; attracting, accelerating and expanding foreign direct investment in London; and leveraging private sector investment and expertise.

The Mayor is the founding member of London & Partners. Under the articles of association, the Mayor retains the power to appoint the chair and one other non-executive director to the board.

During the financial year 2022-23, the GLA made grant payments of £20.3m (£11.2m– 2021-22) to London & Partners.

ReLondon

The London Waste and Recycling Board (LWARB) has changed its name to ReLondon. LWARB was established by the Greater London Authority Act 2007 to promote and encourage the production of less waste, an increase in the proportion of waste that is re-used or recycled and the use of methods of collection, treatment and disposal of waste which are more beneficial to the environment in London. Shirley Rodrigues, Deputy Mayor for Environment and Energy, is the Mayor's appointed representative.

In 2022-23 and in 2021-22 there were no transactions between the GLA and ReLondon.

Royal Docks Management Authority Limited

The Royal Docks Management Authority Limited (RoDMA), established in 1990, holds a 225-year lease of the water areas and associated marine infrastructure of the Royal Docks and is responsible for their control and management.

At 31 March 2023, GLAP holds 94.6% of the RoDMA shares and 34.34% of the voting rights. The Department for Environment, Food and Rural Affairs (DEFRA) holds a special share (it was historically delegated to the London Borough of Newham) which gives it control over key decisions – DEFRA are in the process of reviewing their ownership of the Special Share as part of a wider RoDMA governance review; GLAP therefore has significant influence but does not control RoDMA. RoDMA is held as an associate in GLAP's financial statements but, as it was acquired at nil cost, there is no carrying value in the Group accounts.

During 2022-23, £0.6m was payable to RoDMA for service charges and insurance premia. £0.5m was payable in 2021-22 for service charges, management fees, insurance premia and a feasibility study.

Greenwich Peninsula Estate Management Limited

Greenwich Peninsula Estate Management Limited was established to manage, maintain and administer the Greenwich Peninsula estate. GLA Land and Property Ltd. appoints one out of seven directors.

There were no transactions between the Group and Greenwich Peninsula Estate Management Limited in the year ended 31 March 2023 (nil in 2021-22).

Real Lettings Property Fund 2 LP (RLPF2)

RLPF2 was registered as a limited partnership in December 2016 and the fund was launched in January 2017. The limited partners are GLAP, LB Croydon, LB Lambeth, LB Westminster, Guys and St Thomas and Trust for London. The target size for the RLPF2 is over £100m up to a maximum of £200m. A fund of £100m should allow the purchase, refurbishment, letting and management of affordable homes.

At 31 March 2023, GLAP has made a capital contribution of £1.9k and an interest free loan of £19.2m, the same as at 31 March 2022. As a limited partner GLAP does not have control.

Resonance Everyone In LP (REILP)

GLAP became a limited partner of REILP on 3 March 2021. The limited partnership's objective is the provision of accommodation for rough sleepers.

At 31 March 2023, GLAP's capital contribution and interest free loan to REILP totalled £5m (£5m at 31 March 2022). As a limited partner GLAP does not have control.

Barking Riverside Limited (BRL)

Barking Riverside Limited is a joint venture between London & Quadrant New Homes Limited and GLA Land and Property Limited.

The joint venture company is leading on the delivery of the new Barking Riverside neighbourhood, Barking, East London. The site is being remediated and site wide infrastructure developed to allow the release of plots for residential and commercial development.

GLA Land and Property Limited holds 49% of the share capital and 50% of the voting rights. The Deputy Mayor for Housing and Residential Development, the GLA's Executive Director Housing and Land and the Head of Housing Delivery and Compliance are three of the six directors of Barking Riverside Limited.

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Loan investments to joint venture – Non-Current

	31 March 2023 £000	31 March 2022 £000
Loans to joint venture	123,780	92,143
Expected credit loss provision (IFRS 9)	(27,067)	(26,193)
	96,713	65,950
Share of loss in joint venture (IAS 28)	(7,837)	(2,572)
At 31 March	88,876	63,378

	2023 £000	2022 £000
1 April	63,378	87,134
Loans advanced in year	27,585	-
Interest receivable	4,053	2,882
Discount Unwinding	-	282
Expected credit loss provision	(875)	(24,364)
Share of loss in joint venture (IAS 28)	(5,265)	(2,556)
At 31 March	88,876	63,378

At 31 March 2023, loans advanced to BRL totalled £123.8m (£92.1m at 31 March 2022). Interest receivable in 2022-23 totalled £4.3m.

The following table summarises the financial information of BRL as included in its own financial statements. The table also reconciles the summarised financial information to GLAP's share of BRL's net liabilities/cumulative loss.

	31 March 2023 £000	31 March 2022 £000
Percentage ownership interest	49%	49%
Voting share	50%	50%
	£000	£000
Non-current assets	734	815
Current assets (including cash and cash equivalents – 31 Mar 2023 £12,242k, 31 Mar 2022 £17,701k)	340,480	314,899
Non-current liabilities	(350,252)	(299,068)
Current liabilities	(6,956)	(21,895)
Net assets (100%)	(15,994)	(5,249)
*GLAP's share of net assets (49%)	(7,837)	(2,572)
<i>Non-current financial liabilities (excluding trade and other payables and provisions) 100%</i>	<i>(253,434)</i>	<i>(200,215)</i>
<i>Current financial liabilities (excluding trade and other payables and provisions) 100%</i>	<i>-</i>	<i>-</i>
<i>GLAP's share of non-current & current financial liabilities(excluding trade and other payables and provisions) (49%)</i>	<i>(124,183)</i>	<i>(98,105)</i>
Turnover	(13,712)	(24,606)
Depreciation and amortisation	80	67
Interest income	(3,813)	(2,129)
Interest expense	11,424	7,758
Income tax expense/(income)	-	-
(Profit)/Loss and total comprehensive income (100%)	10,745	5,217
Profit and total comprehensive income (49%)	5,265	2,556

*GLAP - GLA Land and Property Limited

50. Financial Instruments

Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity in another. The figures on the balance sheet are adjusted to exclude balances that are not financial instruments, this includes, inter alia, statutory debtors and creditors, prepayments and receipts in advance.

50a. Group Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Long-Term	Authority 31 March 2023 £000	Group 31 March 2023 £000	Authority 31 March 2022 £000	Group 31 March 2022 £000
Investments-Long term				
Financial assets at amortised costs	52,161	207,434	1,613,467	180,898
Financial assets at FVOCI	-	1,098,196	-	1,343,584
Financial assets at FVTPL	-	444,427	-	371,395
Total investments	52,161	1,750,057	1,613,467	1,895,877
Debtors-Long Term				
Financial assets at amortised costs	357,815	103,631	345,147	128,986
Financial assets at FVTPL	501,542	71,199	457,705	11,896
Finance lease receivables	-	47,327	-	49,156
Total Debtors	859,357	222,157	802,852	190,038
Borrowings-Long term				
Financial liabilities at amortised costs	(5,122,391)	(5,445,988)	(5,122,791)	(5,287,411)
Total borrowings	(5,122,391)	(5,445,988)	(5,122,791)	(5,287,411)
Creditors and Other Long Term Liabilities -Long term				
Financial liabilities at amortised costs	(4,507)	(121,380)	(2,856)	(68,373)
Finance lease liabilities	-	(289)	-	(300)
Total creditors	(4,507)	(121,669)	(2,856)	(68,673)

Current	Authority 31 March 2023 £000	Group 31 March 2023 £000	Authority 31 March 2022 £000	Group 31 March 2022 £000
Investments				
Financial assets at amortised costs	-	1,834,522	1,483,992	1,818,793
Unquoted equity investments at cost	-	-	-	-
Financial assets at FVTPL	-	73,702	-	-
Total investments	-	1,908,224	1,483,992	1,818,793
Debtors				
Financial assets at amortised costs	552,089	387,440	528,289	260,433
Finance lease receivables	-	3,202	-	50,764
Total Debtors	552,089	390,642	528,289	311,197
Cash and cash equivalents	2,656,661	602	801,106	897,175
Borrowings				
Financial liabilities at amortised costs	(427,982)	(346,244)	(477,996)	(407,348)
Total borrowings	(427,982)	(346,244)	(477,996)	(407,348)
Creditors				
Financial liabilities at amortised costs	(392,703)	(416,149)	(184,900)	(179,545)
Finance lease liabilities	-	(12)	-	(22)
Total creditors	(392,703)	(416,161)	(184,900)	(179,567)

50b. Material soft loans made by the Authority

The Authority has made the following significant soft loans to support the provision of housing development and related infrastructure.

	2022/23 £m	2021/22 £m
Network Homes	21.0	21.0
LB Ealing	-	5.9
Big Issue	10.0	8.2
LLDC (Hackney Wick)	0.5	1.0
LB Kingston	26.6	26.6
LB Lambeth	-	10.0
Tonic Housing Association	3.2	4.1
Nominal value at 31 March	61.3	76.8

The movement on significant soft loans:

	Authority 31 March 2023 £000	Authority 31 March 2022 £000
Opening balance at 1 April	66,172	57,433
Nominal value of new loans granted in year	1,773	7,544
Fair value adjustment on initial recognition	(338)	(445)
Loans repaid	(17,282)	(500)
Increase in discounted amount	2,343	2,350
Other changes	-	(210)
Closing balance at 31 March	52,668	66,172
Nominal value at 31 March	61,340	76,849

Valuation Assumptions

The interest rate used to discount the soft loans is the Authority's cost of borrowing when the loan was advanced plus a margin to reflect the credit risk.

50c. Group Income, Expense, Gains and Losses

	2022/23				
	£000				
	Financial Liabilities measured at amortised costs	Financial Assets at amortised cost	Financial Assets at FVOCI	Financial Assets at FVTPL	Total
Interest expense	167,434	-	-	-	167,434
Finance lease interest	259	-	-	-	259
Reduction in fair value	-	-	-	-	-
Expected and actual credit losses/(reversals)	-	6,978	-	(20)	6,958
Unwind of discount on non-current creditors	756	-	-	-	756
Impairment losses	-	35,508	-	-	35,508
Fee expense	215	-	(4)	16	227
Total expense in (Surplus) or Deficit on the Provision of Services	168,664	42,486	(4)	(4)	211,142
Interest income	(276)	(80,562)	-	(3,143)	(83,981)
Dividend Income	-	(12,927)	-	-	(12,927)
Finance lease interest	-	(3,636)	-	-	(3,636)
(Increase)/Decrease in fair value	-	-	-	(3,748)	(3,748)
Unwind of discount on non-interest bearing loan investments and debtors	-	(2,703)	-	-	(2,703)
(Gains)/losses on derecognition	-	-	-	815	815
Income distribution from LP	-	-	-	(574)	(574)
Total income in (Surplus) or Deficit on the Provision of Services	(276)	(99,828)	-	(6,650)	(106,754)
Net (gain)/loss for the year	168,388	(57,342)	(4)	(6,654)	104,388

	2021/22				
	£000				
	Financial Liabilities measured at amortised costs	Financial Assets at amortised cost	Financial Assets at FVOCI	Financial Assets at FVTPL	Total
Interest expense	163,700	-	-	-	163,700
Finance lease interest	300	445	-	-	745
Reduction in fair value	-	-	-	3,704	3,704
Expected and actual credit losses/(reversals)	-	23,128	-	(139)	22,989
Unwind of discount on non-current creditors	710	-	-	-	710
Impairment losses	-	(192)	-	-	(192)
Fee expense	(51)	-	769	333	1,051
Total expense in (Surplus) or Deficit on the Provision of Services	164,659	23,381	769	3,898	192,707
Interest income	-	(22,043)	(8,594)	(2,735)	(33,372)
Dividend Income	-	(2,266)	-	-	(2,266)
Finance lease interest	-	(3,740)	-	-	(3,740)
(Increase)/Decrease in fair value	-	-	-	(49,028)	(49,028)
Unwind of discount on non-interest bearing loan investments and debtors	-	(3,038)	-	-	(3,038)
(Gains)/losses on derecognition	-	-	2,964	(1,646)	1,318
Income distribution from LP	-	-	-	(594)	(594)
Total income in (Surplus) or Deficit on the Provision of Services	-	(31,087)	(5,630)	(54,003)	(90,720)
Net (gain)/loss for the year	164,659	(7,706)	(4,861)	(50,105)	101,987

50d. Authority Income, Expense, Gains and Losses

2022/23	Financial Liabilities measured at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets at FVOCI £000	Financial Assets at FVTPL £000	Total £000
Interest expense	180,360	-	-	-	180,360
Impairment losses	-	35,508	-	-	35,508
Fee expense	215	-	(4)	16	226
Total expense in (Surplus) or Deficit on the Provision of Services	180,574	35,508	(4)	16	216,094
Interest income	-	(111,280)	-	(556)	(111,836)
Dividend income	-	(12,927)	-	-	(12,927)
Unwind of discount on loan	-	(2,343)	-	-	(2,343)
Total income in (Surplus) or Deficit on the Provision of Services	-	(126,549)	-	(556)	(127,106)
Net (gain)/loss for the year	180,574	(91,041)	(4)	(540)	88,988

2021/22	Financial Liabilities measured at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets at FVOCI £000	Financial Assets at FVTPL £000	Total £000
Interest expense	163,700	-	-	-	163,700
Losses on initial recognition	-	445	-	-	445
Reduction in fair value	-	-	-	3,704	3,704
Impairment losses	-	(192)	-	-	(192)
Fee expense	(51)	-	769	333	1,051
Total expense in (Surplus) or Deficit on the Provision of Services	154,984	1,701	121	700	157,506
Interest income	-	(41,057)	(8,594)	(2,676)	(52,327)
Dividend income	-	(2,266)	-	-	(2,266)
(Gains)/losses on derecognition	-	-	2,964	(1,898)	1,066
(Increase)/decrease in fair value	-	-	-	(14,029)	(14,029)
Unwind of discount on loan	-	(2,350)	-	-	(2,350)
Total income in (Surplus) or Deficit on the Provision of Services	-	(45,673)	(5,629)	(18,604)	(69,906)
Net (gain)/loss for the year	163,649	(45,421)	(4,860)	(14,566)	98,801

50e. Fair Value Hierarchy for financial assets and liabilities measured at fair value

Financial assets and liabilities measured at fair value

Equity Mortgages are carried at fair value and gains and loss are recognised in the income and expenditure account as they arise. They are valued with reference to published house price indices – the Land Registry house price index for the London region - these are Level 2 fair value measurements (see accounting policy xvii for an explanation of the fair value levels). They are long term investments which are classified as Fair Value through Profit and Loss (see Note 50a) and at 31 March 2023 totalled £32.4m

Transfers between levels in the Fair Value hierarchy for assets measured at fair value

There were no transfers out of level 2 during the year.

50f. Fair Value Hierarchy for financial assets and liabilities not measured at fair value

The fair value disclosures for financial assets and liabilities not measured at fair value are calculated using Level 2 inputs

Financial assets and liabilities measured at amortised costs

Except for the financial assets carried at fair value (described in note 50e) all other financial liabilities and financial assets are classified as amortised cost and creditors and are carried in the Balance Sheet at amortised cost.

The loan investment in London Treasury Liquidity Fund LP ('LTLF LP', previously 'GLA SR LP'), carrying value of £2,769m at 31 March 2023, was reclassified from Long Term Investments held at amortised cost into cash and cash equivalents because the loan notes held in LTLF LP now meets the IAS 7 criteria, as set out below:

1. **Short term** – the loan notes are redeemable on demand, thereby making it an instant access instrument except for very limited circumstances when the fund does not have enough liquidity to honour the redemption. The rules around redemptions run in continuity with GIS scheme, which this fund supersedes; and in 12 years of GIS existence the failure to honour a redemption has never occurred. The fund itself operates an investment strategy that enables it to plan for the redemptions accordingly and, going forward, it is to receive the cashflow forecasts from each limited partner.

2. **Highly liquid** – as indicated above, the loan notes are redeemable on demand and are thus highly liquid, with daily issues and redemptions of significant volume.
3. **Readily convertible to known amounts of cash** – this is reflected in the loan agreement, with the value of loan account being the net of issues and redemptions, hence the convertible amount is always known at any point in time. The interest it attracts is also known and equals the Bank of England base rate.
4. **Subject to insignificant risk of changes in value** – a Redington report found value at risk for the underlying portfolio of the fund is lower than 2%, and the fair value movements, should they occur, are absorbed by the core commitment rather than the loan notes. The balance of core commitment is set and reviewed in accordance with value at risk parameters, hence the risk of losses exceeding the core commitment is negligible.

Also, the LTLF LP investment strategy requires the weighted average maturity of the assets to not exceed 90 days at any given point in time.

The value of the Authority's core commitment (LTLF LP Partnership Contribution) is an investment in the subsidiary and is accounted for at cost, as per IAS 27. In year, the amount held reduced from £79m to £52m as the requisite amount was reset by the general partner in order to reflect the forecast average balances. The excess contribution was repaid to the GLA. The expected credit loss allowance has been assessed at £0.394m and was deemed immaterial and has therefore not been recognised in these financial statements.

LTLF LP is a partnership that was set up with the intention of replacing the current GIS arrangement, with all new investment deals to be carried out via the limited partnership. The purpose of that is to optimise the existing collective investment arrangement and make it easier for new partners to enter into the agreement. At the moment, GLA is the only limited partner. The General Partner is LTLF GP (previously LSR GP) which is, in turn, a subsidiary of London Treasury Limited wholly owned by the GLA.

As part of concluding the transfer of GIS assets into the Limited Partnership, a range of call and notice bank accounts as well as bank term deposits, totalling £799.49m, were transferred from the GLA to the LTLF LP.

The fair value of amortised cost investments can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For long-term Public Works Loans Board (“PWLB”) borrowings – the fair value for PWLB Borrowings in note 50g is based on the PWLB new borrowing rate; for long term bonds, market data relating to the relevant bonds are used to determine the fair value of this loan; interest rates at 31 March 2023 used for discounting, ranged from 1.96% to 4.62%;
- Where borrowing or investments will mature within 12 months, carrying amount is assumed to approximate to fair value;
- Where borrowing or investments attract interest at a variable rate related to an underlying market measure (such as base rate) and the next rate reset will occur within 12 months, the carrying amount is again assumed to approximate to fair value;
- The fair value of trade and other debtors and creditors due within 12 months is taken to be the invoiced or billed amount.

50g. Fair Value for financial assets and liabilities

	Authority 31 March 2023 Carrying value £000	Authority 31 March 2023 Fair Value £000	Group 31 March 2023 Carrying value £000	Group 31 March 2023 Fair Value £000
Borrowing - non-current and current	(5,550,373)	(5,096,707)	(5,792,232)	(5,338,566)
Investments - non-current and current at amortised cost	52,161	52,161	2,041,956	2,041,956
Financial assets at fair value through other comprehensive income	-	-	1,098,196	1,098,196
Financial assets at fair value through profit and loss	-	-	518,129	518,129

	Authority 31 March 2022 Carrying value £000	Authority 31 March 2022 Fair Value £000	Group 31 March 2022 Carrying value £000	Group 31 March 2022 Fair Value £000
Borrowing - non-current and current	(5,600,787)	(5,972,787)	(5,694,762)	(6,066,762)
Investments - non-current and current at amortised cost	3,097,459	3,097,459	1,999,691	1,999,691
Financial assets at fair value through other comprehensive income	-	-	1,343,584	1,343,584
Financial assets at fair value through profit and loss	-	-	371,395	371,395

The fair value of loans is higher than the carrying value because the Authority and Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

Investments consist of money market instruments maturing within 12 months, they are held at cost and fair value has not been calculated because the carrying amount is a reasonable approximation of the fair value. The fair value of long-term investments held at amortised cost reflects the increase in fair value of GLA Strategic Reserve LP investment portfolio. The financial assets at fair value consist of long-term equity mortgages.

50h. Nature and Extent of Risks arising from Financial Instruments

The Authority and Group's activities expose them to a variety of financial risks including:

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority/Group;
- liquidity risk - the possibility that the Authority/Group may not have the funds available to meet its commitments to make payments;
- market risk - the possibility that financial loss might arise as a result of changes in interest rates

Maintaining affordability of borrowings, preserving invested principal and maintaining prudent levels of liquidity are the principal treasury management objectives for the Group, with secondary objectives of maximising investment yield and minimising borrowing costs. Treasury management is integral to the Authority/Group bodies' wider risk management strategies under policies approved by each body's governing body in their treasury management strategy. These strategies set out the principles for overall risk management, as well as covering specific areas such as the authorised limit for external debt and the investment of surplus cash.

The treasury management function, for the Authority, Greater London Holdings Limited, GLA Land and Property Limited and the London Legacy Development Corporation, is delivered by the GLA Group Treasury Team.

Each entity within the GLA Group, save Greater London Holdings Limited, separately manages the risks arising from the financial instruments that they hold. The following notes detail the nature and extent of risk facing each significant Group entity.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Credit ratings form the backbone of the investment policy for selecting institutions with which the Authority will invest surplus funds, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2022-23 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the Authority's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits, for principal invested with each counterparty, are reviewed regularly with reference to relative risk and the Authority's cash flow requirements. All the Authority's investments are sterling denominated.

At 31 March 2023, of the majority of the Authority's cash was placed with other LTLF LP, which, in turn, operates a portfolio where all of its money market investments and cash are placed with institutions with at least an A- credit rating. The long-term loans to GLA Land and Property Limited and the London Legacy Development Corporation are not deemed to pose separate credit risk given the level of parental control and the Authority does not consider the variable rate funding agreement to be at risk of default.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period is set out in Note 50a, in the Categories of Financial Instruments table.

Liquidity Risk - Group

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group bodies manage liquidity risk by maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements. As long as the affordable borrowing limit set by the Mayor is not exceeded, the GLA and LLDC are able to borrow from the Public Works Loan Board, raise debt on the capital markets through both the GLA's established Bond and Commercial Paper programmes, borrow from Commercial Banks, other public bodies or utilise overdraft facilities and, subject to meeting the relevant criteria, borrow at competitive interest rates from the European Investment Bank. The GLA may also lend to its subsidiaries. There is therefore no significant risk that any Group body will be unable to raise finance to meet its planned capital commitments.

The maturity analysis of financial liabilities is as follows:

Borrowing and Interest Payable

	Authority 31 March 2023 £000	Group 31 March 2023 £000	Authority 31 March 2022 £000	Group 31 March 2022 £000
Less than one year	(431,171)	(368,426)	(482,341)	(422,378)
Between one and two years	(261,930)	(343,764)	(264,283)	(274,949)
Between two and five years	(1,187,570)	(1,254,588)	(1,012,968)	(1,014,467)
Between five and ten years	(2,077,946)	(2,252,586)	(2,191,735)	(2,466,423)
More than ten years	(2,858,757)	(3,023,550)	(2,975,459)	(2,910,836)
Total	(6,817,374)	(7,242,914)	(6,926,786)	(7,089,053)

Creditors and Interest Payable

	Authority 31 March 2023 £000	Group 31 March 2023 £000	Authority 31 March 2022 £000	Group 31 March 2022 £000
Less than one year	(392,703)	(416,149)	(184,900)	(179,545)
Between one and two years	(4,507)	(21,433)	(2,856)	44,309
Between two and five years	-	(42,819)	-	(49,357)
Between five and ten years	-	1,893	-	(65,531)
More than ten years	-	-	-	-
Total	(397,210)	(478,508)	(187,756)	(250,124)

Market Risk

The Authority sets Prudential Indicators specifying maximum exposures to variable rate investments, reflecting the fact that the use of fixed rate instruments is the Authority's primary means of managing exposure to interest rate movements. Where interest rates appear to be low, the Authority's Treasury function places great emphasis on matching the maturity profile of borrowings to prudent forecasts of future income to reduce the likelihood of needing to refinance borrowings at potentially unfavourable future rates. The Authority may also arrange borrowings or investments in advance at prior agreed rates as a means of managing short-term interest rate exposures.

51. Contingent liabilities and assets

Contingent Liabilities

Construction Works/Damages (GLA) - The Authority may be liable to pay costs to a third party either for construction works or third-party damages dependent on the outcome of current discussions and future events. Due to commercial sensitivity and the inherent uncertainty in estimating the potential liability, it is not possible to disclose or quantify the liability at this stage.

ArcelorMittal Orbit Loan (LLDC)

LLDC continues to recognise a contingent liability in relation to a loan of £14.2m (principal £9.2m plus unpaid interest), which was used to part fund the construction of the ArcelorMittal Orbit and is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMittal Orbit as and when they are generated (firstly against interest on the loan then 50% against the principal thereafter). A discounted projected cash flow is used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains despite the surplus reported in prior years.

Contingent Assets

Contingent rent (GLAP)

Lease receivables from a lease with ExCel Exhibition Centre site have been treated as a contingent asset. The Excel lease expires in 2199 and the annual lease receivable is based on the corresponding annual turnover of the centre, the value of the lease is therefore uncertain. The net present value of the estimated cash flows is considered to be between £4m and £25m and £0.8m was receivable in 2022-23 (£0.2m in 2021-22).

52. Group Taxation

	Group				
	1 April 2021 £000	Prior Year Adjustment £000	Movement in year £000	Increase in Tax rate £000	31 March 2022 £000
Deferred tax assets					
Pension	7,015	-	-	(16,451)	(9,436)
Total deferred tax assets	7,015	-	-	(16,451)	(9,436)
Deferred tax liabilities					
Investment properties	217	-	(4,545)	-	(4,328)
Capital losses carried forward	1,825	-	576	-	2,401
Development stock	(3,347)	-	(4,277)	(2,407)	(10,031)
Equity Mortgages	(239)	-	1,531	408	1,700
Trading losses	1,673	-	2,139	1,204	5,016
Accelerated capital allowances	(65)	-	(52)	(36)	(153)
Net deferred tax on trading items	64	-	(4,628)	(831)	(5,395)
Investment properties	(9,516)	609	(814)	(1,836)	(11,557)
Property plant and equipment	(1,708)	-	2,177	-	469
Intangible assets	-	-	-	-	-
Total deferred tax liabilities	(11,160)	609	(3,265)	(2,667)	(16,483)

53. Northern Line Extension Income and Expenditure Account

The Northern Line Extension (NLE) Income and Expenditure Account is a memorandum account which summarises the income received, and expenditure incurred in relation to the GLA's contribution towards delivering this project which extended the Northern Line to Battersea Power Station and Nine Elms. This extension opened on 20 September 2021.

The account details the contributions received from the London Boroughs of Lambeth and Wandsworth using sums paid by developers and business ratepayers in the Battersea and Nine Elms statutory designated area, the payments made to Transport for London towards construction costs and the financing costs incurred by the GLA in relation to the amounts borrowed by it, to finance its contribution to the project.

	2022/23	2021/22
	£000	£000
Balance at 1 April	862,288	845,820
INCOME		
Amounts transferred by the London Borough of Lambeth	(99)	(19)
Amounts transferred by the London Borough of Wandsworth	(35,513)	(112,488)
Interest receivable on contributions received and other gains	(3,185)	(495)
Total income	(38,797)	(113,002)
EXPENDITURE		
Transport payments to Transport for London for NLE project	1,862	16,469
Interest payable on project related borrowing	17,631	23,796
Other expenses including brokerage and bond fees	25,812	2,939
Total Expenditure	45,305	43,204
Transfer to/(from) business rates reserve to reimburse prior year deficits for 2019/20 and 2020/21		22,559
Transfer to/(from) NLE reserve surplus or deficit re future NLE debt repayment	(4,646)	63,707
Net deficit for the year	1,862	16,468
Deficit carried forward at 31 March	864,150	862,288

During 2022-23 a small residual £1.8m sum was payable to Transport for London (TfL) in respect of the development and construction costs for the Northern Line extension (NLE). The GLA has now met its full agreed £1 billion contribution towards the core project which has been funded primarily using long-term borrowing from the European Investment Bank and other sources.

This expenditure is recognised as revenue expenditure financed by capital under statute – and written out through the capital adjustment account - and reported as expenditure in the CIES. The GLA also incurred interest payable on its borrowing of £17.6m. A further £25.8m of expenditure was incurred by the GLA respect of bond indexation, brokerage costs, fees and associated costs including the loan guarantee provided by HM Treasury and associated administrative costs.

The GLA also received £35.5m in contributions from the London Borough of Wandsworth and c£99,000 from the London Borough of Lambeth towards the project in 2022-23 on an accrued basis. These sums were paid as required under the NLE funding agreement signed between both boroughs, the Greater London Authority and Transport for London in January 2014. In addition, £3.2m of interest was receivable on the balances held in respect of the project.

The in-year revenue deficit – excluding the capital contribution - of £4.6 million has been transferred to the NLE reserve. Such deficits may arise until the level of business rates income received in the local statutory designated area increases as the retail, office and commercial premises which have or are being built in the area become occupied following the opening of the Northern Line Extension and are added to the rating list by the Valuation Office Agency. Any excess held in the new NLE reserve not required to meet future deficits will be released in due course to repay the GLA's associated borrowing for the NLE.

54. Post balance sheet event

There are no significant events, post 31 March 2023, that require disclosure.

Fund Account

The Fund Account is a memorandum account to show transactions under sections 102 and 103 of the Greater London Authority Act 1999 which requires all government grants for the Greater London Authority and its Functional Bodies to be paid to the Greater London Authority, which then passes them on to the Functional Bodies. This includes funding business rates retention pilot - retained business rates and council tax as well as specific grants paid for the purposes of the GLA which are directly controlled and allocated by the Mayor and form part of the CIES.

	2022/23 £000	2021/22 £000
Income		
Fire Grants ⁽¹⁾		
Fire specific revenue grants	(8,196)	(34,211)
Subtotal Fire Grants	(8,196)	(34,211)
Policing Grants		
Home Office police general grants ⁽²⁾	(2,157,844)	(2,038,750)
Local Council Tax Support grant for policing ⁽²⁾	(119,676)	(119,676)
Home Office core capital grant	-	(3,259)
Home Office other specific grants ⁽³⁾	(669,204)	(637,652)
Subtotal Policing Grants	(2,946,724)	(2,799,336)
Transport (TfL) grants ⁽⁴⁾		
GLA Transport grant - general (revenue) ⁽⁵⁾	(909,000)	(1,825,000)
Other DfT specific grants ⁽⁶⁾	(173,973)	(29,298)
Subtotal Transport Grants	(1,082,973)	(1,854,298)
Total Income	(4,037,893)	(4,687,845)
Expenditure		
London Fire Commissioner ⁽¹⁾	8,196	34,211
Mayor's Office for Policing and Crime	2,946,724	2,799,336
Transport for London	1,082,973	1,854,298
Total Expenditure	4,037,893	4,687,845

(1) The fire revenue specific grant figure in 2022-23 excludes Firefighters pension grant of £21.7m which was paid direct to the LFB from the Home Office rather than via the GLA as in 2021-22. This is the primary reason accounts for the reduction year on year in fire specific grants. The £8.2m reduced total includes various other items such as PFI grant, Protection uplift and funding for the Merton fire control centre. LFC's council tax precept payments are recorded in the GLA's CIES.

(2) The core Home Office police grant in 2022-23 comprises £185.3 million in respect of the National and International Capital Cities (NICC) grant, £1,068.7 million in general police core grant (net of the NICC) and £903.8m in former DCLG formula funding approved by Parliament in the 2022-23 Police grant report. Local council tax support funding for the Mayor's Office for Policing and Crime was also approved via the Police Grant Report. MOPAC also receives additional funding approved by the Mayor which is paid to it by the GLA through retained business rates and payments from the Mayor's council tax precept which are both recorded in the GLA's CIES. The Home Office general capital grant was discontinued in 2022-23 - hence this line being zero.

(3) The policing revenue specific grant figure includes counter-terrorism and protective security grant funding as well as other specific grants for policing paid via GLA by the Home Office such as police pension grant, police uplift grant and in 2021/22 support for additional costs arising from the Covid pandemic. Some specific government grants are paid directly to MOPAC (e.g. community safety project and Ministry of Justice funding) and are therefore only recorded in its accounts.

(4) Some transport revenue specific grants are paid direct to TfL and therefore only appear in its accounts. Funding paid to TfL via retained business rates and council tax by the Mayor is reported in the GLA's CIES.

(5) Due to the adverse impact of the Covid pandemic on TfL fare revenues, the Department for Transport agreed an extraordinary funding and financing agreements with TfL during 2021-22 and 2022-23 involving the provision of additional grant support to TfL. Further details are available at <https://tfl.gov.uk/info-for/investors/announcements> and <https://tfl.gov.uk/info-for/investors/funding-letters>

The funding provided as set out above of £909.0m comprised a fixed and a variable element (a so called 'revenue true up') linked to actual fare revenues received. The sums reported in the GLA's fund account differ from those reported in TfL's statutory accounts as the latter adjusted to take into accounts sums that have been repaid to the DfT as part of the 'True up' process as well as accruals for amounts not yet received/paid.

(6) The DfT other specific grant figure for 2021-22 and 2022-23 includes Housing infrastructure funding from DLUHC and Smart Ticketing grant from the Department for Transport.

The Crossrail Revenue Account reflects the application of the GLA's retained revenues for Crossrail and its contributions towards the Crossrail project. It also incorporates the statutory BRS Revenue Account which is required under Schedule 1 of the Business Rate Supplements (Accounting) (England) Regulations 2010.

The account details the income raised from the levy imposed on non-domestic ratepayers (the Crossrail Business Rate Supplement or BRS) and on developers through a Mayoral Community Infrastructure Levy (MCIL) to raise money to fund the construction of the Crossrail project (now called the Elizabeth line) and expenditure incurred in relation to this project by the GLA.

The Crossrail central section from Paddington to Abbey Wood opened on 24 May 2022. In November 2022 through services started to operate from Reading and Heathrow through central London and the Bond Street Elizabeth line station was opened. The final through timetable was introduced on 21 May 2023.

Crossrail Revenue Account (incorporating the Statutory Business Rate Supplement Revenue Account)

	2022/23 £000	2021/22 £000
Balance at 1 April	-	-
INCOME		
Amounts transferable by billing authorities as calculated under the BRS regulations		
gross of billing authority administrative expenses	(245,068)	(210,342)
Amounts transferable by collecting authorities in MCIL gross of collection	(185,364)	(154,837)
Interest Receivable (in respect of the Crossrail related balances)	(3,084)	(746)
Total income	(433,517)	(365,925)
EXPENDITURE		
Administrative expenses incurred by billing authorities in respect of the collection and enforcement of a BR		
Further administrative expenses (billing authority cost of collection allowance)	433	441
Other billing authority collection costs and prior year adjustments	511	434
Sub total BRS billing authority expenses	944	875
Allowable expenses incurred in respect of the collection and enforcement of MCIL retained by GLA		
Collecting authority allowances	7,422	5,949
Charging authority allowances	660	423
MCIL other adjustments including repayments and provisions	3,407	2,051
Sub total MCIL collection expenses	11,489	8,423
Expenditure incurred by GLA in respect of the Crossrail Project		
Transport payments to Transport for London in respect of the Crossrail project	271,000	554,000
Interest Payable on Crossrail related borrowing	136,242	129,652
Other expenses including brokerage fees	933	1,453
Sub total GLA expenditure on Crossrail project	408,174	685,105
Total Expenditure	420,608	694,403
Transfers to/(from) General fund - Surplus/(Deficit) on Crossrail (BRS/MCIL) revenue account and Minimum revenue provision	12,909	(328,478)
Balance at 31 March	-	-

The GLA contributed an additional £1.4 billion towards the Crossrail project between 2018-19 and 2020-21 under the supplementary funding deal agreed between the GLA, TfL and Department for Transport (DfT) in December 2018 (£46m in 2020-21, £989m in 2019-20 and £365m in 2018-19). This £1.4 billion was funded by £1.3 billion of borrowing from the DfT and the application of £0.1 billion of revenues received in prior years. This is in addition to the £4.3 billion contribution made between 2010-11 and 2015-16 under the original Crossrail funding agreement.

In November 2020 the GLA agreed to make a further additional contribution of £825 million towards the Crossrail project using a further loan from the Department for Transport. Of this, £554 million was paid over by the GLA in 2021-22 with the remaining £271 million transferred in 2022-23. The Mayor also agreed to contribute up to a further £48.8 million towards the project - if required – and it is now anticipated that this will need to be drawn down in full during 2023-24. While the final outturn cost of the project is still to be determined it is not anticipated based on current forecasts that any additional contributions – should they be required – will be material and will be managed within existing revenue streams allocated to the project.

The GLA's outstanding Crossrail borrowing will be financed and repaid using MCIL and Crossrail business rate supplement revenue with a current expected full repayment in the early 2040s.

Prior to 2019-20, MCIL revenues were retained by TfL as a direct contribution to the Crossrail project – albeit this was reported as nominal capital grant from, GLA to TfL in its statutory accounts. From 2019-20 the GLA was permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019 – 2019 966) to apply MCIL for capital financing purposes for Crossrail. A further amendment was made to the regulations in March 2021 (The Community Infrastructure Levy (Amendment) (England) Regulations 2021) to allow the GLA to use MCIL revenues to finance and repay its Crossrail related debt up to 31 March 2043.

£173.9m net MCIL income receivable in 2022-23 was available to be applied towards Crossrail after netting off collection costs and allowable expenses totalling £11.5m. Further information on the BRS is set out in the next note.

The GLA incurred interest payable on its borrowing of £136.2m and £3.1m of interest was receivable on the balances held in respect of the BRS and MCIL. Further sums were charged to the Crossrail revenue account in

respect of other costs incurred by the GLA in respect of the management and administration of the BRS and MCIL and the GLA's associated borrowing including brokerage fees.

55. Crossrail Business Rates Supplement

The BRS was applied at a rate of 2p (or 2 per cent of the rateable value) on non-domestic rating assessments on the local rating list in London with a rateable value above £70,000 in 2022-23. This threshold was increased to £75,000 following the national business rates revaluation from 1 April 2023. The BRS is collected on behalf of the GLA by the 33 London billing authorities (the 32 London boroughs and the Common Council of the City of London) on the same bills as general business rates (NNDR). Reliefs for the BRS (e.g., for charitable organisations) operate on the same basis and the same percentage rate as for National Non-Domestic Rates.

Based on the final returns received in respect of 2022-23 billing authorities determined that they had collected gross revenue through BRS of £245.1 million of which the GLA was due to receive £244.1 million after allowing for borough collection allowances and other collection related costs. This sum increased by around £34.7 million compared to 2021-22. This year-on-year increase was due primarily to the fact that the government's pandemic related business rates relief scheme for ratepayers in the retail, leisure, hospitality (RLH) sectors applying in 2021-22 was withdrawn and replaced by a less extensive 50 per cent relief scheme from 1 April 2022 with a £110,000 cap per business entity. Under section 13 of the BRS Act 2009, reliefs granted for NNDR apply on the same basis and at the same percentage rate for the BRS – so these changes will also have reduced the reliefs granted on BRS liabilities on the same basis.

Unlike for NNDR, the Government – as in 2021-22 and 2020-21 - did not provide grant compensation to the GLA to offset the impact of the new 50 per cent RLH relief scheme in 2022-23 as the BRS is a locally set tax.

Glossary

This glossary helps to define some of the terms and phrases found in these accounts.

Accounting Period

The length of time covered by the accounts, the accounting year runs from 1 April to 31 March.

Accrual

A sum included in the accounts to cover income or expenditure attributable to the accounting period for goods or services, but for which payment has not been received/made, by the end of that accounting period.

Actuarial Gains and Losses

Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Balances

These represent the accumulated surplus of revenue income over expenditure.

Capital Expenditure

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services for more than one year.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in the public service.

Collection Fund

A fund administered by each London Borough Council and the City of London Corporation as billing authorities. Council Tax and Non-Domestic Rates are paid into this fund and the net requirements of the Authority and its Functional Bodies as well as the Borough/Corporation are met from the fund. Any surplus or deficit is shared between the various authorities for council tax and additionally central government in respect of retained business rates. The Crossrail Business Rate Supplement is also paid into the collection fund and transferred to the GLA as the responsible levying body from it.

Council tax Requirement

The consolidated amount the Authority estimates will be received through the council tax precept. This is the budget requirement net of all government specific and general grants. The GLA, Assembly and each functional body has a component council tax requirement which is approved in the Mayor's annual budget.

Creditors

The amounts owed by the Authority at the Balance Sheet date in respect of goods and services received before the end of the accounting period but not paid for.

Debtors

Amounts owed to the Authority but unpaid at the Balance Sheet date.

Depreciation

The measure of the cost or revalued amount of the benefit of the fixed asset that has been consumed during the period.

Fees and Charges

The income raised by charging for goods, services or the use of facilities.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes trade receivables and trade payables, investments and borrowings.

Fixed Asset

A tangible item that yields benefit to the Authority for a period of more than one year.

Functional Body

A term used to describe those bodies, other than the Greater London Authority, for which the Mayor of London sets the budget and appoints members to run those bodies. The five functional bodies are:

- **London Legacy Development Corporation ("LLDC")** responsible for development of the Queen Elizabeth Olympic Park;

- **London Fire Commissioner (“LFC”)** responsible for providing an efficient and effective fire brigade and emergency planning service for London;
- **Mayor’s Office for Policing and Crime (“MOPAC”)** is headed by the Mayor or, by his nomination, the appointed statutory Deputy Mayor for Policing and Crime. This means that the Mayor is directly accountable for policing performance in London, except the City of London which has its own police force provided by the Corporation of London;
- **Old Oak and Park Royal Development Corporation (“OPDC”)** responsible for the regeneration of Old Oak Common in West London; and
- **Transport for London (“TfL”)** responsible for London's buses, London Underground, Docklands Light Railway, Croydon Tramlink, Dial-a-Ride services, London River Services, Woolwich Free Ferry, taxis, private hire cars and maintenance and traffic management of most of the major roads in Greater London.

IAS 19 Employee Benefits

The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

Materiality

Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting authority.

National Non-Domestic Rates [also known as Business Rates or Uniform Business Rate (UBR)]

A property tax based on notional rental (rateable) values levied on non-domestic hereditaments. The tax is set by central government and collected by Local Authorities.

Precept

The amount the Mayor requires the London Boroughs and Corporation of London to pay from their Collection Funds in respect of council tax in order to meet the costs of services of the GLA and its functional bodies

Prepayment

Where expenditure has been invoiced and charged against the current year's budget but relates to goods and services to be received in the following financial year. This expenditure has to be treated as a prepayment.

Provisions

Amounts set aside to meet costs which are likely or certain to be incurred but are uncertain in value or timing.

Reserves

The accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial problems. Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Revenue Expenditure

The day to day spending on employment costs, other operating costs (accommodation, supplies and services etc.) net of income for fees and charges etc.

Revenue Support Grant

Central Government financial support towards the general expenditure of local authorities paid on an un-ringfenced basis and without conditions.

Specific Government Grants

Central Government financial support towards particular services which is "ring fenced" or paid for the purposes of a particular functional body (i.e. can only be spent on a specific service area or items).

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