# Greater London Authority

**Statement of Accounts 2022-23**
**AUDITED**

# Contents

## 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.

**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)** |

Budget monitoring reports on whether the Authority has a surplus or deficit on General Fund balances against its budget for the year by comparing annual expenditure against funding from government grants, rents, council tax and business rates and other funding sources calculated in accordance with statutory provisions. The Comprehensive Income and Expenditure Statement (CIES) in the financial statements differs from the budget monitoring report as it reports on the basis of expenditure measured under proper accounting practices. Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pensions benefits earned by the employees, which alongside other charges, are not included in the budget monitoring reports as statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis in Note 8 provides a reconciliation between spend as reported for budget monitoring purposes and spend reported in the CIES.

**Authority's Balance Sheet**

London Treasury Liquidity Fund LP (LTLF LP) is the Authority's fund manager and in 2022-23 a significant change was made to how the Authority classifies the loan advances made to LTLF LP.

In 2021-22, the advances to LTLF LP were classified as long-term investments (£1.5bn), investments held in call deposit and notice accounts were classified as short-term investments (£1.5bn), and cash and cash equivalents held totalled £0.8bn. In 2022-23, the cash balances held on the call deposit and notice accounts were transferred to LTLF LP. As the underlying purpose for holding the financial assets in LTLF LP changed, such that the criteria for classification as Cash and Cash Equivalents were met, all the loan advances to LTLF LP were reclassified from long term investments to cash and cash equivalents. This meant that at 31 March 2023, no LTLF LP loan advances were classified as long-term investments, no short-term investments were Statement of Accounts 2022-23 and the Authority's cash and cash equivalents totalled £2.7bn.

An analysis undertaken against the IAS 7 cash classification criteria concluded that the purpose for which the funds, advanced to LTLF LP, are held has changed as they are now being used to meet short term cash commitments rather than being held to generate investment returns. It also concluded that the LTLF LP loan notes met all four IAS 7 cash classification criteria. See Note 50f for a more detailed explanation.

Set out below is a summary of the **Authority's Balance Sheet**, comparing the position to a year ago.

| **As at 31 March:** | **2023** | **2022** |
|---|---|---|
| | **£m** | **£m** |
| Assets | 5,178 | 6,379 |
| | | |
| Liabilities | (7,031) | (7,426) |
| | | |
| Net Liabilities | (1,853) | (1,046) |

The Authority's net liability position is driven by the borrowing undertaken to fund infrastructure assets held in Transport for London's balance sheet; this includes the Elizabeth Line (Crossrail) and the Northern Line Extension. The increase in net liabilities of £0.8bn largely reflects the significant increase in affordable housing capital grants payments in 2022-23 which outstripped the in-year capital grant receipts.

**Group Balance Sheet**

| As at 31 March: | 2023 | 2022 |
|---|---|---|
| | £m | £m |
| Assets | 6,053 | 6,970 |
| | | |
| Liabilities | (7,987) | (8,276) |
| | | |
| Net Liabilities | (1,934) | (1,306) |

The Group's net liability position is driven by the movements in the Authority's borrowing and reduction in usable capital grant reserves as explained the preceding paragraph.

**Authority Reserves**

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<br>£m | 2022<br>£m |
|---|---|---|
| | | |
| Usable Reserves | (2,550) | (4,480) |
| | | |
| Unusable Reserves | 4,403 | 5,526 |

The Authority's 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.

The Authority's 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.

**Group Reserves**

| **As at 31 March:** | **2023** | **2022** |
|---|---|---|
| | **£m** | **£m** |
| | | |
| Usable Reserves | (2,812) | (4,636) |
| | | |
| Unusable Reserves | 4,746 | 5,942 |

As the majority of the usable and unusable reserves are held by the Authority the explanations in the preceding two paragraphs apply equally to the Group reserves.

**Borrowing**

Set out below is a summary of the Authority's net decrease 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 Interim 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 climate change and its wholly owned subsidiaries, London Legacy Development Corporation (LLDC) and Greater London Authority Holdings (GLAH).

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 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.

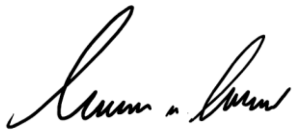
The Mayor has set a goal of London being net zero by 2030 and has published his preferred pathway for achieving this goal. As part of that ambition, the GLA is working with the functional bodies of the GLA to develop their own plans to achieve net zero by 2030. The Mayor has a number of programmes supporting 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, £90m has been set aside and consists of £4m to support project development and £86m to support the cost of finance associated with £500m, and will be spent in the coming years.

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**
Interim Chief Finance Officer
27 February 2024

**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 Interim 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 Interim Chief Finance Officer's responsibilities**

The Interim 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 Interim 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 Interim 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 Interim 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**
Interim Chief Finance Officer
27 February 2024

## 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
27 February 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MAYOR OF THE GREATER LONDON AUTHORITY**

## Opinion

We have audited the financial statements of the Greater London Authority for the year ended 31 March 2023 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement
- the related notes 1 to 54
- the Fund Account
- The Crossrail Revenue Account, and related note 55.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of the Greater London Authority and Group as at 31 March 2023 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Chief Finance Officer's assessment of the Group and Authority's ability to continue to adopt the going concern basis of accounting included:

- We read the Narrative Report and Financial Statement disclosures in relation to the financial statements being prepared on a going concern basis to ensure that they were consistent with our knowledge of the Group and Authority's financial position;

- We reviewed and assessed the information used in the going concern assessment, for the period through 31 March 2025, in the financial statements for consistency with management reporting, and information obtained through auditing other areas of the business, obtained an understanding of the business planning process, and challenged the underlying assumptions;

- We assessed the levels of current and forecast borrowing against the Prudential Borrowing Limit and confirmed that the Authority is within that limit and has no plans for further borrowing within the going concern period;

- We compared the actual cash position to the prior year forecast cash position to assess the accuracy of management's cashflow forecasting;

- We undertook reverse stress testing on management's base case scenario to understand the potential circumstances that could result in reserve shortages within the going concern period. This included assuming high levels of inflation and a reduction in the council tax base. In addition, we undertook reverse stress testing on management's cashflow forecast to assess the impact on liquidity and the need to borrow. This included assuming use of the facility agreement made available to TfL and non-repayment of loans from subsidiaries; and

- We considered the mitigations available to GLA and assessed the headroom available against GLA's Authorised Prudential Borrowing Limit over the going concern assessment period and considered the accessibility of borrowing from the Public Works Loans Board.

We have observed that the Group has applied the principles in Practice Note 10, and on this basis has concluded that the Going Concern basis of preparation remains appropriate. The Group has access to cash and cash equivalents amounting to £2.7bn as at the 31 March 2023, and in addition has access to additional borrowings of £1.7bn within their Authorised Prudential Borrowing Limit.

The Authority's management has reviewed the level of reserves at 31 March 2023 and has determined, having set a balanced budget for 2023/24, that they have sufficient reserves to continue to provide services within the going concern period without having to make unplanned service reductions.

Going concern has also been determined to be a key audit matter.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Authority's ability to continue as a going concern for a period to 31 March 2025 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

## Overview of our audit approach

| | | |
|---|---|---|
| Audit scope | • | We performed an audit of the complete financial information of two components and audit procedures on specific balances for a further four components. |
| | • | The components where we performed full or specific audit procedures accounted for 99.7% of gross expenditure and 99.1% of total assets. |
| Key audit matters | • | Going Concern |
| | • | E20 onerous contract provision |
| | • | Investment Property and Inventory valuation |
| | • | Non-current financial assets held at amortised cost |
| Materiality | • | Overall group materiality of £76.8m which represents 1% of gross expenditure (both revenue and capital). |

## An overview of the scope of the parent and group audits

**Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the eight reporting components of the Group, we selected six components covering entities which represent the principal business units within the Group.

Of the six components selected, we performed an audit of the complete financial information of two components (“full scope components”) which were selected based on their size or risk characteristics. For the remaining four components (“specific scope components”), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 99.7% (2022: 99.5%) of the Group's gross expenditure and 99.1% (2022: 99.8%) of the Group's total assets. For the current year, the full scope components contributed 98.2% (2022: 97.2%) of the Group's gross expenditure and 33.1% (2022: 83.1%) of the Group's total assets. The specific scope components contributed 1.5% (2022: 2.3%) of the Group's gross expenditure and 68.2% (2022: 16.7%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. The remaining two components are not individually, or in aggregate, greater than 1% of the Group's gross expenditure. For these components, we performed other procedures, including analytical review and review of intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

**Involvement with component teams**

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from EY UK operating under our instruction. Of the two full scope components, audit procedures were performed on one of these directly by the primary audit team and the other by EY component auditors. For the four specific scope components, audit procedures were performed on three of these directly by the primary team and on three of these, by EY component auditors. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. We assigned review scope to two components, one of which is audited by a component team from EY UK. The other component is audited by a non-EY component auditor.

During the current year's audit cycle, the primary audit team worked closely with the component teams, holding joint planning and progress meetings with management. These meetings involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, attending planning and closing meetings and reviewing relevant audit working papers on risk areas. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

**Climate change**

There has been increasing interest from stakeholders as to how climate change will impact the Greater London Authority and Group. The Mayor has set a goal for London to be net zero by 2030 and has published his preferred pathway for achieving this goal. As part of that ambition, the Greater London Authority is working with its functional bodies to develop their own plans to achieve net zero by 2030. Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk. In its assessment, the Greater London Authority has determined that climate change does not have a material impact on the financial statements as explained in the Basis of Preparation. Climate change considerations are explained on pages 11-12 in the Narrative Report which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

| Risk | Our response to the risk | Key observations communicated to the Mayor |
|---|---|---|
| **E20 Onerous Contract Provision (2022/23: £185.8m, 2021/22: £231.9m)**<br>When the London Stadium commenced operations management identified that for two of its three key contracts, the expenditure associated is likely to exceed the income received, rendering them onerous under IAS 37.<br>This provision is updated annually based on judgements made by management in the E20 business plan.<br>The provision is based on a number of key judgements including contractual costs, potential income sources and amounts, discount rate, the number of games and the number of days it takes to hold events.<br>As a material, judgemental balance, the provision is susceptible to the risk of management override.<br>Refer to notes 5 and 41 in the statement of accounts. | We addressed our risk through substantive testing which was performed by the component team for LLDC. The GLA group team exercised oversight and performed additional review procedures in these areas as follows:<br>We gained an understanding and evaluated key controls surrounding the calculation, management's judgements and accounting for the provision.<br>We reviewed management's technical accounting paper for the onerous contract provision and its alignment with the requirements of IAS 37.<br>We reviewed the inputs into the provision calculation and corroborated these to source evidence. This included the E20 Stadium business plan.<br>We challenged the basis for the calculation (business plan) and specifically challenged the completeness of the costs included in determining the onerous contract provision, confirming that these should be | We concluded that the basis on which the provision is recognised is in accordance with the requirements of IAS 37 as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).<br>The judgements made related to the onerous contract provision in the financial statements have been appropriately described. |

| Risk | Our response to the risk | Key observations communicated to the Mayor |
|---|---|---|
| | direct costs only or the net cost of honouring or delivering the contracts per the amendments to IAS 37.<br>We identified and challenged the key judgements included in the provision including the discount factor used, the valuation of naming rights, the number of games held and the directly attributable costs.<br>We used our EY specialists to review the valuation of the naming rights applied in the calculation.<br>We used sensitivity analysis to test these key assumptions and conclude as to the appropriateness of the range of values given, and sceptically challenge whether the provision is reasonable on that basis.<br>We ensured that the unwinding of the discount relating to the onerous contract provision had been appropriately reflected in the calculation and that it is treated and accounted for correctly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.<br>We reviewed disclosures in the financial statements ensuring appropriate disclosure of the uncertainties and judgements. | |

| Risk | Our response to the risk | Key observations communicated to the Mayor |
|---|---|---|
| **Investment Property and Inventory valuation (2022/23 £716.4m, 2021/22: £651.8m)**<br>Investment property held within LLDC is valued at £132.7m (£166.7m in 2021/22).<br>Inventory held within LLDC is valued at £290.7m in 2022/23 (£161.8m in 2021/22).<br>Investment property held within GLAP is valued at £60.5m (£73.4m in 2021/22). Inventory held within GLAP is valued at £239.3m in 2022/23 (£249.8m in 2021/22).<br>The Group holds material assets which have been classified as investment property and inventory within the financial statements. The complexity of these valuations means that small changes in assumptions such as yields, discount rate, market rental levels and outstanding costs can have a material impact on the valuation of these assets within the financial statements. In addition, whether these assets are classified as investment property or inventory determines the basis on which they are valued and their presentation within the balance sheet. There is a risk that any incorrect classification between investment property and inventory could have a material impact on the valuation of assets within the | The following procedures were performed as part of our substantive testing which were performed by the component teams for both LLDC and GLAP. The GLAP group team exercised oversight and performed additional review procedures in these areas as follows:<br>• We gained an understanding and evaluated key controls surrounding property and inventory valuations and accounting.<br>• We obtained management's valuation reports for properties valued at 31 March 2023.<br>• We evaluated the competence of the Group's external valuers, JLL, who cover investment property and inventory valuations. Our evaluations considered their qualifications, expertise and independence.<br>• We tested the valuations report prepared by the external valuers, agreeing the entries in the report back to the financial statements to | We have concluded that the values of Investment Property and Inventory assets are within an acceptable range, the assets are appropriately valued and classified in accordance with the requirements of IAS 40 and IAS 2 as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).<br>We have concluded that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified and are in compliance with the requirements of IAS 40 and IAS 2 as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022). |

| Risk | Our response to the risk | Key observations communicated to the Mayor |
| --- | --- | --- |
| financial statements and the corresponding accounting entries and disclosures.<br>Refer to notes 5, 26 and 37 in the statement of accounts. | confirm the accuracy of the entries.<br>• We selected a sample of investment properties held by both GLAP and LLDC based on size. For all assets in this sample of properties, we tested the appropriateness of assumptions applied. This included agreeing source data back to underlying leases or development agreements.<br>• We selected a sample of properties classified as inventory held by both GLAP and LLDC based on size. For all assets in this sample of properties, we tested whether properties were appropriately recognised at the lower of cost or Net Realisable Value in accordance with IAS 2.<br>• We then tested the appropriateness of assumptions applied in the calculations of the Net Realisable value. For development properties held by LLDC this included agreeing assumptions | |

| Risk | Our response to the risk | Key observations communicated to the Mayor |
| --- | --- | --- |
| | over costs to complete which we agreed to forecasts from the developer. For GLAP this included agreeing inputs into the valuations prepared by management's specialist through to supporting evidence such as development agreements and challenging the basis of discount rate assumptions applied.<br>• We used our valuation experts to assist in our testing of assumptions for a sample of investment properties and inventory assets. Our valuation experts reviewed and challenged the valuation approach and assessed whether the assumptions applied by the external valuers, such as the estimated rental values, discount rate, yield and development costs were supported by available data. They also considered whether other market transactions contradict the assumptions used in the valuation. | |

| Risk | Our response to the risk | Key observations communicated to the Mayor |
|---|---|---|
| | • For all assets within our sample we challenged the purpose for which the asset was held to assess whether the property was correctly classified as inventory or investment property in line with the requirements of IAS 2 and IAS 40.<br>• For assets held by LLDC that had transferred between inventory and investment property during the year we challenged whether trigger events for a change in classification had been met and corroborated management's rationale to supporting evidence. | |

| Non-current financial assets held at amortised cost | Our response to the risk | Key observations communicated to the Mayor |
|---|---|---|
| **Non-current assets held at Amortised cost 2022/23: £335.7m (2021/22: £309.9m)**<br>Non-current assets held at amortised cost include loan investments held within | We gained an understanding and evaluated key controls surrounding loan investments and long-term debtors.<br>We obtained management's expected credit loss | The valuation of non-current financial assets held at amortised cost and the associated expected credit loss provision is supportable and |

| Non-current financial assets held at amortised cost | Our response to the risk | Key observations communicated to the Mayor |
|---|---|---|
| Greater London Authority Holdings (GLAH) and long-term debtors held within GLA. These assets are accounted for in line with IFRS 9 Financial Instruments and an impairment review is undertaken to assess whether any expected credit loss should be recognised. The total expected credit loss recognised by the Group in 2022/23 is £10.9m.<br>Management engages a specialist to support with key assumptions in calculating expected credit losses.<br>There is a risk that these assets could be over-valued with insufficient expected credit losses recognised that reflect the risks of the underlying loan arrangements.<br><br>Refer to note 5 and note 50h in the statement of accounts. | calculations for amortised cost assets at 31 March 2023 and agreed the entries back to the financial statements to confirm the accuracy of the entries.<br>We evaluated the competence of the Group's external specialist, Kroll, which included consideration of their qualifications, expertise and independence.<br>We agreed the credit rating used by management's specialist to third party available information and challenged any variations.<br>We verified whether loans were secured by collateral through inspection of loan agreements. Where loans were secured by collateral, we compared the value of collateral against the loan exposure to assess whether additional provisions should be made.<br>We engaged our EY specialist to perform a review of the assumptions for a sample of assets. Our specialist reviewed the significant assumptions applied by management's specialist including the credit rating, the loss given default, the probability of default and the exposure at default. Our specialist then independently calculated the expected credit loss for each loan to test the | consistent with the requirements of IFRS 9. |

| Non-current financial assets held at amortised cost | Our response to the risk | Key observations communicated to the Mayor |
|---|---|---|
| | reasonableness of the significant assumptions used by management with oversight from the audit team.<br>We performed sensitivity analysis over the calculation of the expected credit loss by adjusting the probability of default and loss given default assumptions.<br>We ensured that the disclosures associated with the expected credit losses are appropriate in the Group financial statements. | |

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

**Materiality**
*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £76.8 million (2022: £67.2 million), which is 1% (2022: 1%) of gross expenditure including capital expenditure. We believe that [gross expenditure using revenue and capital expenditure incurred in the provision of public services represents an appropriate basis for materiality since the main function of the Group is to provide services to the London community. This includes control of the cost base and complying with the Mayor’s budget which is an important Key Performance Indicator within the organisation and the users of the financial statements. We determined materiality for the Greater London Authority to be £77.0million (2022: £65.2 million), which is 1% (2022 1%) of gross revenue and capital expenditure. This increase in materiality is driven by increased expenditure in 2022/23.

**Performance materiality**
*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2022 75%) of our planning materiality, namely £38.4m (2022: £50.4m). We have set performance materiality at this percentage as a result of non-compliance issues identified during the course of the 2023 audit which increased the overall risk rating of our audit. One of our key responses to address this increased risk is to apply a lower performance materiality.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, performance materiality allocated to the Greater London Authority single entity was £34.5million (2022: £45.4million). Materiality allocated to other components was £7.7million (2022: £10.6million).

**Reporting threshold**
*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Mayor that we would report to him all uncorrected audit differences in excess of £3.8m (2022: £3.4m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Other information

The other information comprises the information included in the Narrative Report and the Annual Governance Statement other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Matters on which we are required to report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

## Responsibilities of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on pages 13 and 14the Chief Finance Officer is responsible for the preparation of the 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 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Group and Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Authority and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Authority and determined that the most significant are:

  o Local Government Act 1972,
  o Local Government Finance Act 1998 (as amended by the Local Government Finance Act 1992),
  o Greater London Authority Acts 1999 and 2007
  o Local Government Act 2003,
  o The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
  o Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
  o Business Rate Supplements Act 2009,
  o The Local Government Finance Act 2012,
  o The Local Audit and Accountability Act 2014 (as amended), and
  o The Accounts and Audit Regulations 2015.

In addition, the Group and Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

- We understood how the Group and Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the head of internal audit, those charged with governance and the monitoring officer. We obtained and read documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and made enquiries as to whether management are aware of instances of non-compliance. We corroborated this through our reading of the Audit Panel papers and minutes. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and involved internal specialists as required in designing procedures and assessing compliance with relevant laws and regulations. Our procedures focused on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation. We assessed the susceptibility of the Group and Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified incorrect classification of capital spend and misstatements due to fraud or error to be our fraud risks. To address our fraud risk of incorrect classification of capital spend we tested the Authority’s capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

- To address our fraud risk of misstatement due to fraud or error, we tested specific journal entries identified by applying risk criteria to the entire population of journals. We tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

**Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023**,** as to whether the Greater London Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Greater London Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Greater London Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance certificate in respect of the Whole of Government Accounts consolidation pack and the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of the Greater London Authority. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

## Use of our report

This report is made solely to the members of the Greater London Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Janet Dawson
Ernst & Young LLP

Janet Dawson (Key Audit Partner)
for and on behalf of Ernst & Young LLP, (Local Auditor)
London
27 February 2024

## Consolidated Comprehensive Income and Expenditure Statement

| 2021/22 Gross Exp* £000 | 2021/22 Gross Income £000 | 2021/22 Net Exp* £000 | | Note | 2022/23 Gross Exp* £000 | 2022/23 Gross Income £000 | 2022/23 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 | | 2,226,936 | (77,039) | **2,149,897** |
| 7,268 | (21) | **7,247** | Mayor's Office | | 6,172 | - | **6,172** |
| 39,367 | (2,109) | **37,258** | Resources | | 36,905 | (633) | **36,272** |
| 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 | | 39,852 | (16,224) | **23,628** |
| 2,726 | (1,264) | **1,462** | Funding London SMEs | | 1,921 | (2,301) | **(380)** |
| 20,794 | (5,919) | **14,875** | Corporate & Group Items | | 29,891 | (7,759) | **22,132** |
| **1,792,646** | **(496,060)** | **1,296,586** | **Cost Of Services** | | **2,997,193** | **(561,125)** | **2,436,068** |
| | | 3,608,891 | Other Operating Expenditure | 11 | | | 3,653,117 |
| | | 115,200 | Financing and Investment Income and Expenditure | 12 | | | 12,998 |
| | | - | Impairment of loan investments and finance lease receivables | 50h | | | 10,940 |
| | | (58,173) | Movement in the fair value of investment properties | 26 | | | 69,958 |
| | | (4,557,786) | Taxation and Non-Specific Grant Income | 13 | | | (5,259,746) |
| | | **404,718** | **(Surplus) or Deficit on Provision of Services** | | | | **923,335** |
| | | - | Share of the (surplus) or deficit on the provision of services of associates and joint ventures | | | | 7,837 |
| | | 12,658 | Tax expenses of subsidiaries | | | | 14,251 |
| | | **417,376** | **Consolidated (Surplus) or Deficit** | | | | **945,423** |
| | | | **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 | | | (285,819) |
| | | (11,179) | Increase/ (decrease) in Members Capital | | | | (6,747) |
| | | - | Other comprehensive income and expenditure | | | | (6,513) |
| | | 14,811 | Deferred tax asset on net defined benefit liability and on revalued property, plant and equipment | | | | (20,329) |
| | | **(79,616)** | **Other Comprehensive Income and Expenditure** | | | | **(317,396)** |
| | | **337,760** | **Total Comprehensive Income and Expenditure** | | | | **628,027** |

*****Exp – Expenditure

## Authority Comprehensive Income and Expenditure Statement

| 2021/22 Gross Exp £000 | 2021/22 Gross Income £000 | 2021/22 Net Exp £000 | Gross expenditure, gross income and net expenditure | Note | 2022/23 Gross Exp £000 | 2022/23 Gross Income £000 | 2022/23 Net Exp £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 | | 145,614 | (3,155) | 142,459 |
| 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** | | **3,063,582** | **(512,681)** | **2,550,901** |
| | | 3,617,837 | Other operating expenditure | 11 | | | 3,653,624 |
| | | - | Impairment of loan investments | 50h | | | 35,508 |
| | | 103,781 | Financing and investment income and expenditure | 12 | | | 61,736 |
| | | (4,555,259) | Taxation and non-specific grant income and expenditure | 13 | | | (5,249,912) |
| | | **565,640** | **(Surplus) or Deficit on Provision of Services** | | | | **1,051,857** |
| | | | **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** | | | | **807,048** |

## Consolidated Movement in Reserves Statement

| | | Authority | | | | | | | | | Group | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022/23** | **Note** | **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** |
| | | | | | | | | | | | **Usable** | **Unusable** | | | |
| | | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£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** | | | | | | | | | | | | | | | |
| (Surplus) or deficit after tax | | 1,051,857 | - | - | - | **1,051,857** | **-** | **1,051,857** | **(39,342)** | | (67,092) | - | **945,423** | **-** | **945,423** |
| Tax on Other Comprehensive Income | | - | - | - | - | **-** | **-** | **-** | | | - | (20,329) | **-** | **(20,329)** | **(20,329)** |
| Other Comprehensive Expenditure and Income | | - | - | - | - | **-** | **(244,809)** | **(244,809)** | | | (24,628) | (27,630) | **(24,628)** | **(272,439)** | **(297,067)** |
| **Comprehensive Expenditure and Income** | | **1,051,857** | **-** | **-** | **-** | **1,051,857** | **(244,809)** | **807,048** | **(39,342)** | **-** | **(91,720)** | **(47,959)** | **920,795** | **(292,768)** | **628,027** |
| Adjustment between authority accounts and group accounts | | | - | - | | **-** | **-** | **-** | **-** | | - | - | **-** | 2 | **2** |
| Other adjustments | | - | - | | | | | | | | (97) | 2 | **(97)** | **-** | (97) |
| Adjustments between accounting basis and funding basis under regulations | 9 | (350,315) | - | (23,203) | 1,251,676 | **878,158** | **(878,158)** | **-** | **(11,966)** | **11,966** | 37,082 | (37,082) | **903,274** | **(903,274)** | **-** |
| **Net (Increase)/ Decrease before Transfers to Earmarked Reserves** | | **701,542** | **-** | **(23,203)** | **1,251,676** | **1,930,015** | **(1,122,967)** | **807,048** | **(51,308)** | **11,966** | **(54,735)** | **(85,039)** | **1,823,972** | **(1,196,040)** | **627,932** |
| Transfers (to)/from Earmarked Reserves | 10 | (701,542) | 701,542 | - | - | **-** | **-** | **-** | | | - | - | **-** | **-** | **-** |
| **(Increase)/Decrease in year** | | **-** | **701,542** | **(23,203)** | **1,251,676** | **1,930,015** | **(1,122,967)** | **807,048** | **(51,308)** | **11,966** | **(54,735)** | **(85,039)** | **1,823,972** | **(1,196,040)** | **627,932** |
| **Balance at 31 March 2023** | | **(10,000)** | **(1,160,543)** | **(645,043)** | **(734,442)** | **(2,550,028)** | **4,403,517** | **1,853,489** | **(51,308)** | **-** | **(210,933)** | **342,974** | **(2,812,268)** | **4,746,490** | **1,934,221** |

| | | Authority | | | | | | | | | Group | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021/22** | **Note** | **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** |
| | | | | | | | | | | | **Usable** | **Unusable** | | | |
| | | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£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 and Authority Balance Sheet

| | Note | Authority 31 March 2023 £000 | Group 31 March 2023 £000 | Authority 31 March 2022 £000 | Group 31 March 2022 £000 |
|---|---|---|---|---|---|
| Property, plant & equipment | 25 | 19,656 | 33,265 | 16,522 | 24,224 |
| Investment property | 26 | - | 186,418 | - | 240,166 |
| Intangible assets | | 2,629 | 2,703 | 2,955 | 3,240 |
| Net Pensions Asset | 21 | 26,705 | 26,780 | - | - |
| Long term investments | 30,50 | 52,161 | 1,744,824 | 1,613,467 | 1,895,875 |
| Equity Investment in Limited Partnership | 30,49 | - | 2 | - | 2 |
| Long term debtors | 33,50 | 779,277 | 145,852 | 802,852 | 140,882 |
| Finance lease receivables | 34 | - | 47,327 | - | 49,156 |
| **Long Term Assets** | | **880,428** | **2,187,171** | **2,435,796** | **2,353,545** |
| Short term investments | 50 | - | 1,205,694 | 1,483,992 | 1,818,793 |
| Finance lease receivables | 34 | - | 3,202 | - | 50,764 |
| Inventories | 37 | - | 529,977 | - | 411,702 |
| Trade and other receivables | 38 | 1,640,621 | 1,423,888 | 1,658,591 | 1,438,015 |
| Cash and Cash Equivalents | 39 | 2,656,661 | 703,132 | 801,106 | 897,175 |
| **Current Assets** | | **4,297,282** | **3,865,893** | **3,943,689** | **4,616,449** |
| Short term borrowing | 50,51 | (427,982) | (346,243) | (477,996) | (407,349) |
| Short term creditors | 40 | (991,165) | (1,172,897) | (1,106,746) | (1,203,450) |
| Receipts in advance - revenue | 16,40 | (20,542) | (21,321) | (8,310) | (8,571) |
| Receipts in advance - capital | 16,40 | (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** | | **(1,519,502)** | **(1,877,791)** | **(1,694,746)** | **(1,953,143)** |
| Long term creditors | | (2,909) | (65,624) | (2,856) | (125,415) |
| Provisions | 41 | (386,397) | (561,674) | (397,574) | (623,568) |
| Long term borrowing | 50,51 | (5,122,391) | (5,445,999) | (5,122,791) | (5,287,412) |
| Finance lease liabilities | 35 | - | (289) | - | (300) |
| Net pensions liability | 21 | - | (2,044) | (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 | - | (7,068) | - | (16,483) |
| **Long Term Liabilities** | | **(5,511,697)** | **(6,109,494)** | **(5,731,180)** | **(6,323,140)** |
| **Net Assets/(Liabilities)** | | **(1,853,489)** | **(1,934,221)** | **(1,046,441)** | **(1,306,289)** |
| Usable reserves | | (2,550,028) | (2,812,268) | (4,480,042) | (4,636,241) |
| Unusable Reserves | 43 | 4,403,517 | 4,746,490 | 5,526,483 | 5,942,530 |
| **Total Reserves** | | **1,853,489** | **1,934,221** | **1,046,441** | **1,306,289** |

## Consolidated and Authority Cash Flow Statement

| | Note | Authority 2022/23 £000 | Group 2022/23 £000 | Authority 2021/22 £000 | Restated Group 2021/22 £000 |
|---|---|---|---|---|---|
| Net surplus or (deficit) on the provision of services | | (1,051,857) | (945,423) | (565,639) | (417,375) |
| Adjustments to net surplus or deficit on the provision of services for non-cash movements | 44 | (92,086) | (104,675) | (30,349) | (225,466) |
| Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 45 | (975,053) | (1,082,471) | (543,094) | (640,022) |
| **Net cash flows from Operating Activities** | | **(2,118,996)** | **(2,132,569)** | **(1,139,082)** | **(1,282,863)** |
| Investing Activities | 46 | 1,043,497 | 1,880,905 | 160,849 | 112,132 |
| Financing Activities | 47 | (85,132) | 57,621 | 192,302 | 398,583 |
| **Net increase or (decrease) in cash and cash equivalents** | | **(1,160,631)** | **(194,043)** | **(785,931)** | **(772,148)** |
| Cash and cash equivalents at 1 April | 39 | 801,106 | 897,175 | 1,587,037 | 1,669,323 |
| Reclassification of investments into cash equivalents as a result of a change in the purpose for which they are held (see note 50f) | 50f | 3,016,186 | - | - | - |
| **Cash and cash equivalents at 31 March** | | **2,656,661** | **703,132** | **801,106** | **897,175** |

## Notes to the Core Financial Statements

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

There have been no changes to accounting policies.

**Correction of prior period accounting errors**

LLDC, one of the Group's subsidiaries, has reclassified the 'inventory purchases not set against provision (East Bank)' and the 'inventory purchases (non-East Bank)' from 'Investing activities' in the Statement of Cash Flows and its supporting notes (Note 44) to 'Adjustments to net deficit for non-cash movements'. This correction is in line with IAS 7 (Statement of Cash Flows), which requires the classification of inventory movements as operating activities in the Statement of Cash Flows and affects the prior-year accounts. There are no changes to the values and the reclassification does not affect any other statements or notes in the accounts.

The impact of the prior period adjustment is set out in the following tables:

**Consolidated Cash Flow Statement**

| | Audited Group 2021/22 £000 | Inventory purchases not set against provision (East Bank) | of Inventory purchases not set against provision (Residential) | Restated Group 2021/22 £000 |
|---|---|---|---|---|
| Adjustments to net surplus or deficit on the provision of services for non-cash movements | (117,854) | (90,007) | (17,605) | (225,466) |
| Net cash flows from operating activities | (1,175,252) | (90,007) | (17,605) | (1,282,864) |
| Investing activities | 4,520 | 90,007 | 17,605 | 112,132 |

| Adjustments to net surplus or deficit for non cash movements | Audited Group 2021/22 | Reclassification of Inventory purchases not set against provision (East Bank) | Reclassification of Inventory purchases not set against provision (Residential) | Restated Group 2021/22 |
|---|---|---|---|---|
| | £000 | | | £000 |
| Inventory purchases not set against provision (East Bank) | - | (90,007) | - | (90,007) |
| Inventory purchases (non- East Bank) | - | - | (17,605) | (17,605) |
| **Total** | **(117,854)** | **(90,007)** | **(17,605)** | **(225,466)** |

**Cash Flow Statement - Investing Activities**

| | Audited Group 2021/22 | Reclassification of Inventory purchases not set against provision (East Bank) | Reclassification of Inventory purchases not set against provision (Residential) | Restated Group 2021/22 |
|---|---|---|---|---|
| | £000 | | | £000 |
| Inventory purchases not set against provision (East Bank) | (90,007) | 90,007 | - | - |
| Inventory purchases (non- East Bank) | (17,605) | - | 17,605 | - |
| **Net cash flows from investing activities** | **4,520** | **90,007** | **17,605** | **112,132** |

## Reclassification of investments to cash and cash equivalents

An analysis of the Authority's investments in LTLF LP was undertaken against the IAS 7 cash equivalent classification criteria and it was concluded that the LTLF LP loan notes met all four criteria - see Note 50f for a fuller explanation.

In the Authority's single entity accounts, the long-term investment in the GLA's subsidiary, London Treasury Liquidity Fund Ltd., has been reclassified to cash and cash equivalents, as the purpose for which the funds are held has changed in 2022-23 and they are now being used to meet short term cash commitments rather than being held to generate investment returns.

This reclassification has been presented separately from cash flows from operating, investing and financing activities as a reconciling item in the 2022-23 Authority cash-flow statement.

## 2. **Accounting Policies**

xxxii. Minimum Revenue Provision

## 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. As required by the Accounts and Audit (England) Regulations 2015, the Authority has prepared the 2022-23 Statement of Accounts 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”).

## 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 Authority controls an entity when the Authority is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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** | Financing of small and medium businesses |

| | |
|---|---|
| ◦ 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.

**Investments in associates and joint venture**

Joint ventures are accounted for using the equity method and are initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of acquisition. The Group's share of the investee's profit or loss is recognised in the Group's profit or loss.

When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and the remaining loss is offset against any loans to the investee after which any recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Associates are accounted for using the equity method, if the net assets of the associates are material to the Group.

**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, the impairment of PPE, inventory and provisions. The LLDC onerous contracts provision and the assessment includes assumptions on the cost and consumption of utilities, the latter reflecting reductions as a result of investment in energy reduction/sustainability measures at the Stadium (e.g., LED lights).

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 (£467m Core GLA and £693m 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 Interim 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 £2.7bn at the end of 2023-24. It is anticipated that cash balances will remain at this level at the end of 2024-25, currently forecast at £2.8bn. 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 £33.9m at 31 March 2024 and £74.9m 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 - £7m. 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 until 31 March 2024, 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.

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 (or Business 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. See Note 15.

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.

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. The revenue collected can only be applied in respect of Crossrail related expenditure.

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 recognises all revenue expenditure 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").

Interest payable on the associated borrowing is recognised within financing and investment income.

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.

### 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 asset/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 asset/liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit asset/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 asset/liability at the beginning of the period – taking into account any changes in the net defined benefit asset/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 asset/liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - actuarial gains and losses – changes in the net pensions asset/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 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. For trade receivables and finance lease receivables, the Authority applies the simplified approach which allows entities to recognise lifetime expected losses on trade receivables without the need to identify significant increases in credit risk.

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, an estimate of loss given default of 35% is applied, for unsecured loans an estimate of loss given default of 45% is applied.

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, that are readily convertible to known amounts of cash with insignificant risk of change in value and are held for the purpose of meeting short–term cash commitments rather than for investment or other purposes.

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 de-recognised when control has been transferred to the purchaser, i.e., on legal completion. In relation to the East Bank development, the inventory balance will be derecognised upon completion of the development when the asset is handed over. Upon derecognition the remaining provision recognised as the estimate of the expenditure required to settle LLDC's present obligation towards the cost of the buildings will be released and offset against the partner contributions which are treated as deferred income until building 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 and are subsequently measured at amortised cost less impairment. 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).

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.

### 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.

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 29.

### 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 a 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

### 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 percentage of affordable housing in a planned development, the early termination development agreements and 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 Group's inventories would result in a £53m charge to the CIES. This could be driven, for example, by an increase in forecast future construction price inflation for the East Bank buildings or an increase in the percentage of affordable housing in a planned development.

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 £28.4m 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 future rental income, yields, comparable market land values; and for development sites within Investment Properties, key estimates are the affordable housing percentage and build cost inflation.

For example, a 10 per cent reduction in the value of Group's investment properties would result in an £18m charge to the CIES. This could be driven by a downturn in the property market or an increase in expected yields.

The carrying value of investment properties at Group level, at 31 March 2023, totalled £186.4m, see note 26 for further details.

**Loan Investments held at amortised cost – 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. It is the product of the loan investment balance, the borrower's probability of default and an assessment of the percentage risk of loss in the event of a default. The loss given default is currently assumed at 35% for collateral backed loans and 45% for non-collateral backed loans.

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 is deemed to have 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.

The ECL for GLA and GLAP and the impact of a 1% increase in the probability of default on the ECL is set out below:

| | ECL | + 1% increase in PD |
|---|---|---|
| | £000 | £000 |
| **GLA** | 43,950 | 2,107 |
| **GLAP** | 40,748 | 1,054 |

**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).

**Post-retirement benefits**

The estimation of the net pensions asset or liability is based on the requirements of IAS 19 *Employee Benefits* and relies 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.

IAS 19 states that, when an entity has a surplus in a defined benefit plan, it should measure the net defined benefit of the asset at the lower of:

i. the surplus in the defined benefit plan, and
ii. the asset ceiling.

The actuaries estimate the impact of the asset ceiling by calculating a “surplus limit”, which is the cost of future benefits less the future certified contributions. If the Authority's surplus is higher than this then the surplus is limited to the surplus limit. If the Authority's surplus is lower than the surplus limit then the asset ceiling does not bite and the surplus is unrestricted.

Under the LGPS rules there is not an unconditional right to a refund given that the Authority is expected to participate in the LGPS indefinitely and as a result an asset ceiling calculation has been made. This ceiling has been calculated as higher than the surplus and therefore the surplus is recognised in full.

Details of the assumptions made and related sensitivity analysis, are provided in Note 21.

At 31 March 2023, the carrying value of the net pensions assets, totalled £27m (for GLA and OPDC) and a net pensions liability of £2m for LLDC (Note 21).

**Judgements**

**Council tax accounting**

The Authority's share of the actual 2022-23 council tax surplus is £13.3m (£13.6m surplus 2021-22) (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 Authority's share of the actual 2022-23 business rates surplus is £26.5m (£576m deficit 2021-22) (Note 15). 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 have 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.

These accounts 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.

**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, 27 and 37 for further information.

**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 34 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 Interim 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<br>£000 | 2021/22<br>£000 |
|---|---|---|
| **Expenditure** | | |
| Employee benefits expenses | 106,513 | 115,243 |
| Other service expenses | 5,507,029 | 4,441,906 |
| Depreciation, amortisation and impairment | 3,892 | 3,212 |
| Interest payments and similar charges | 216,181 | 170,106 |
| Precepts and other payments to Functional Bodies | 1,135,384 | 1,020,766 |
| Non-domestic rates levy and pool contribution | 14,713 | 52,441 |
| BRR Tariff Payment | 748,317 | 812,353 |
| **Total Expenditure** | **7,732,029** | **6,616,027** |
| **Income** | | |
| Government grants and other contributions | (2,269,763) | (1,981,959) |
| Income from council tax and non-domestic rates | (4,233,454) | (3,869,043) |
| Fees, charges and other service income | (58,018) | (133,060) |
| Interest and investment income | (118,937) | (66,325) |
| **Total Income** | **(6,680,172)** | **(6,050,387)** |
| **Deficit on Provision of Service** | **1,051,857** | **565,640** |

*BRR-Business Rates Retention

Other service expenses includes £2.7bn in capital grants paid to third parties, of which £2.1bn were housing grants, and £2.1bn relate to business rates paid to Transport for London, the London Fire Brigade and the Mayor's Office for Policing and Crime to part fund their budget requirements.

## 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 Net Exp Chargeable to the General Fund | 2021/22 Adjustments between Funding and Accounting Basis | 2021/22 Net Exp in the CIES* | Authority | Note | 2022/23 Net Expenditure Chargeable to the General Fund | 2022/23 Adjustments between Funding and Accounting Basis | 2022/23 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 | | 32,476 | 109,983 | 142,459 |
| 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 | | 466,311 | (401,025) | 65,286 |
| **585,432** | **813,849** | **1,399,281** | **Net Cost of Services** | | **660,348** | **1,890,553** | **2,550,901** |
| (111,199) | (722,442) | (833,641) | Other Income and Expenditure | | 41,194 | (1,540,238) | (1,499,044) |
| **474,233** | **91,407** | **565,640** | **Deficit** | 8a | **701,542** | **350,315** | **1,051,857** |
| (2,346,318) | | | **Opening General Fund Balance** | | (1,872,085) | | |
| 474,233 | | | **Less Deficit** | | 701,542 | | |
| **(1,872,085)** | | | **Closing General Fund Balance** | | **(1,170,543)** | | |

*CIES-Comprehensive Income and Expenditure Account

The £1.54bn in Other Income and Expenditure largely consists of capital grant income and capital receipts, capital grant payments to TfL and the accounting entries required to recognise Council Tax and Business Rates income on an accrued basis.

## 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 | - | (404,917) | **(401,025)** |
| **Net Cost of Services** | **2,285,249** | **10,175** | **(404,871)** | **1,890,553** |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (647,704) | (225) | (892,309) | **(1,540,238)** |
| **Difference between surplus or deficit on the General Fund and the CIES** | **1,637,545** | **9,950** | **(1,297,180)** | **350,315** |

The £2.28bn, within Net Cost of Services, consists largely of capital grants to third parties funded from capital resources. These grants are recognised in the CIES, in line with proper accounting practices and are then transferred from the General Fund reserve to capital reserves, as required under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

The £404.9m credit, within Net Cost of Services, consists largely of an adjustment to reverse the minimum revenue provision (MRP) charged to Corporate and Group Items as the MRP is not a charge against the General Fund. The MRP ensures that the Authority sets aside cash to repay borrowing and is charged to the Capital Adjustment Account, an unusable capital reserve.

**Authority 2021/22**

| 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 | - | 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

**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 | (14,742) | - | - | **(14,742)** |
| 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) | 933,805 | - | - | **933,805** |
| 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) | (2,757,744) | - | - | **(2,757,744)** |
| **Total Adjustments to Revenue Resources** | **(1,836,437)** | **-** | **-** | **(1,836,437)** |
| **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 | 711,558 | - | (593,015) | **118,543** |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) | 283,444 | - | - | **283,444** |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 121,137 | - | - | **121,137** |
| **Total Adjustments between Revenue and Capital Resources** | **1,498,177** | **(382,038)** | **(593,015)** | **523,124** |
| **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** | **(325,199)** | **(23,203)** | **1,251,676** | **903,274** |

## 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 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 | (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) | 933,805 | - | - | **933,805** |
| 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) | (2,656,437) | - | - | **(2,656,437)** |
| **Total Adjustments to Revenue Resources** | **(1,730,285)** | **-** | **-** | **(1,730,285)** |
| **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) | 283,444 | - | - | **283,444** |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 121,473 | - | - | **121,473** |
| **Total Adjustments between Revenue and Capital Resources** | **1,379,970** | **(382,038)** | **(593,015)** | **404,917** |
| **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** | **(350,315)** | **(23,203)** | **1,251,676** | **878,158** |

## 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 | Transfers In | Transfers Out | Balance at 31 March 2023 |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **GLA Reserves** | | | | | | | |
| Assembly Development & Resettlement | 1,260 | 640 | (299) | **1,601** | - | - | **1,601** |
| Capital Programme | 41,742 | 62 | (7,809) | **33,995** | - | (30,476) | **3,519** |
| Climate Emergency Funding Reserve | | | | **-** | 90,000 | - | **90,000** |
| Compulsory Purchase Orders | 1,329 | - | - | **1,329** | - | - | **1,329** |
| Development | 1,044 | 1,002 | - | **2,046** | 500 | (1,493) | **1,053** |
| Dilapidations | 10,000 | - | (3,500) | **6,500** | - | - | **6,500** |
| Directorate (Programme reserve) | 71,007 | 11,273 | (19,502) | **62,777** | 30,876 | (35,386) | **58,267** |
| Election | 21,821 | 6,935 | (22,073) | **6,684** | 6,800 | (365) | **13,119** |
| Environment Drainage | 728 | - | - | **728** | - | - | **728** |
| Estates | 832 | - | - | **832** | - | - | **832** |
| Interest Smoothing | 4,953 | 9,539 | - | **14,492** | - | 31,000 | **45,492** |
| Land Fund | 9,241 | - | (927) | **8,314** | - | (800) | **7,514** |
| London and Partners | 2,245 | - | - | **2,245** | - | - | **2,245** |
| London Green Fund Reserve | 357 | 736 | - | **1,093** | 274 | (1,093) | **274** |
| Major Events | 16,955 | 500 | (6,442) | **11,013** | 2,739 | (2,198) | **11,554** |
| Mayoral Resettlement | 77 | - | - | **77** | - | - | **77** |
| New Homes Bonus LEP grant reserve | 1,570 | - | (483) | **1,087** | - | (357) | **730** |
| New Museum Project | 16,000 | 3,000 | - | **19,000** | 3,000 | - | **22,000** |
| Planning Smoothing | 198 | - | - | **199** | - | - | **199** |
| Pre-Application Planning | 2,696 | - | - | **2,696** | - | - | **2,696** |
| Recycled Capital Grant Fund Interest reserve | 82 | 62 | - | **144** | - | - | **144** |
| Redundancy | 248 | 2,000 | (497) | **1,751** | - | (784) | **967** |
| Revenue Grants Unapplied | 77,965 | 103,761 | (70,251) | **111,475** | 115,048 | (79,943) | **146,580** |
| Right to Buy Revenue Grant | 19,047 | 1,220 | (3,287) | **16,980** | - | (3,590) | **13,390** |
| Sport Unites | 2,760 | - | (1,604) | **1,155** | 9,124 | (5,124) | **5,155** |
| The Royal Docks Enterprise Zone Reserve | 5,975 | - | (1,708) | **4,267** | - | (2,868) | **1,399** |
| Young Londoners Fund Reserve | 35,921 | - | (8,612) | **27,309** | 24,000 | (21,467) | **29,842** |
| **Sub-Total** | **346,054** | **140,729** | **(146,993)** | **339,789** | **282,361** | **(154,944)** | **467,206** |
| **GLA Group Reserves** | | | | | | | |
| Business Rates Reserve | 1,634,018 | 750,275 | (1,376,964) | **1,007,329** | 177,383 | (989,205) | **195,507** |
| Development Corporations (MDC*) | 35,706 | - | (19,119) | **16,587** | 15,298 | (15,467) | **16,418** |
| Strategic Investment Fund | 75,102 | - | (17,276) | **57,827** | - | (13,213) | **44,614** |
| Northern Line Extension Reserve | - | 63,707 | - | **63,707** | 5,276 | (9,922) | **59,061** |
| Transport Services funding reserve | - | 216,900 | - | **216,900** | 105,000 | (34,000) | **287,900** |
| LLDC Capital Funding Reserve | 245,437 | 13,132 | (100,000) | **158,569** | - | (82,909) | **75,660** |
| OPDC Flexibility Reserve | - | 1,377 | - | **1,377** | 12,800 | - | **14,177** |
| **Sub-Total** | **1,990,264** | **1,045,391** | **(1,513,359)** | **1,522,296** | **315,757** | **(1,144,716)** | **693,337** |
| **Total Earmarked Reserves** | **2,336,318** | **1,186,120** | **(1,660,352)** | **1,862,086** | **598,118** | **(1,299,660)** | **1,160,543** |

*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 | 2,207,593 | 2,207,593 | 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** | **3,653,624** | **3,653,117** | **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 | 180,898 | 169,794 | 164,676 | 165,903 |
| Other investment Expenditure | - | 753 | - | 23,128 |
| Net interest on the net defined liability | (225) | 749 | 5,430 | 6,307 |
| Interest receivable and similar income | (127,106) | (173,829) | (57,065) | (44,949) |
| Net (gain)/loss from financial assets at fair value through profit and loss | 8,169 | (12,415) | (12,224) | (60,611) |
| income | - | (633) | 2,964 | 2,964 |
| Unwinding of provision discount | - | 4,564 | - | 3,065 |
| Income and expenditure in relation to investment properties | - | 24,015 | - | 19,393 |
| **Total** | **61,736** | **12,998** | **103,781** | **115,200** |

## 13. Taxation and Non-Specific Grant Income and Expenditure

| | Note | Authority 2022/23 £000 | Group 2022/23 £000 | Authority 2021/22 £000 | Group 2021/22 £000 |
|---|---|---|---|---|---|
| Precept receivable from Council Tax payers | 14 | (1,226,884) | (1,226,884) | (1,110,132) | (1,110,132) |
| Non-domestic rate income | 15 | (2,752,170) | (2,752,170) | (2,538,114) | (2,538,114) |
| Non-domestic rate - prior year income | | (9,332) | (9,332) | - | - |
| Non-domestic rate tariff payment | | 748,317 | 748,317 | 812,353 | 812,353 |
| Non domestic rate levy and pool contribution | | 14,713 | 14,713 | 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 | 16 | (572,819) | (572,819) | (814,688) | (814,688) |
| Capital grants and contributions | 16 | (1,021,305) | (1,031,139) | (591,942) | (594,468) |
| **Total** | | **(5,249,912)** | **(5,259,746)** | **(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 | | £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 Estimated (Surplus) / Deficit | 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 |
| 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) | (16,198) | (88,587) | 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)** | **(26,475)** | **(2,752,176)** | **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** | **2021/22** |
|---|---|---|
| | **£000** | **£000** |
| **Non-ringfenced government grants (Revenue):** | | |
| DLUHC* - S31 grant NDR reliefs | 538,383 | 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 |
| | **572,819** | **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** |
| | **1,594,124** | **1,406,630** |

| Credited to Services | 2022/23 £000 | 2021/22 £000 |
|---|---|---|
| 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.

| Grants Receipts In Advance (Capital Grants) | 2022/23 £000 | 2021/22 £000 |
|---|---|---|
| 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** |

| Grants Receipts In Advance (Revenue Grants) | 2022/23<br>£000 | 2021/22<br>£000 |
|---|---|---|
| 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<br>£000 | 2021/22<br>£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 payble 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 | Resettlement 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) | Compensation 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** |

| Post | Name of Post Holder | Salary (Including fees and allowances) | Compensation for loss of office | Employer Pension Contributions | Total Remuneration including pension contributions |
|---|---|---|---|---|---|
| **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** (from11/05/21) | Ali Picton | 111,333 | - | 13,360 | **124,693** |
| **Mayoral Director, Political and Public Affairs** (from11/05/21) | 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 | 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 | |
|---|---|---|---|---|---|---|---|---|
| (including special payments) | 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:

| Cost of Retirement Benefits | 2022/23 Authority £000 | 2022/23 Group £000 | 2021/22 Authority £000 | 2021/22 Group £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 |
| Other actuarial (gains)/losses on assets | 2,439 | 2,982 | - | - |
| Deferred tax asset on the net defined benefit liability | - | 9,864 | - | 16,969 |
| **Total Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement** | **(226,527)** | **(250,915)** | **(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) |
| **Net asset/(liability) arising from defined benefit obligation** | **26,705** | **24,736** | **(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 |
| *Remeasurement gain/(loss):* | | | | |
| 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) |
| *Remeasurement gains and (losses) :* | | | | |
| 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* | 0% | 4,303 | 0% | - | 4,303 | 1,222 | - | 1,222 |
| *Financials* | 9% | 27,775 | 0% | - | 27,775 | 23,896 | - | 23,896 |
| *Health Care* | 4% | 16,039 | 0% | - | 16,039 | 13,437 | - | 13,437 |
| *Industrial* | 7% | 23,863 | 0% | - | 23,863 | 21,949 | - | 21,949 |
| *Technology* | 10% | 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% | - | 0% | - | - | 229 | | 229 |
| Trade Cash/Pending | 2% | - | 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 |
| **Total Return** | | | | | - | | | |
| Investment/Hedge funds and Unit trusts | 8% | 31,687 | 0% | - | 31,687 | 40,539 | - | 40,539 |
| | | | | | - | | | |
| **Credit** | 0% | - | 10% | 38,337 | 38,337 | - | 30,957 | 30,957 |
| **Infrastructure** | 0% | - | 13% | 49,291 | 49,291 | - | 38,897 | 38,897 |
| **Property Fund/Real Estate** | 0% | - | 10% | 37,555 | 37,555 | - | 34,240 | 34,240 |
| | 0% | | | | - | | | |
| **Cash** | | | | | - | | | |
| Cash at bank | 0% | 8,216 | 0% | - | 8,216 | 8,818 | - | 8,818 |
| LDI | 0% | - | 0% | - | - | 1,107 | - | 1,107 |
| Currency (forward contracts) | 0% | - | 0% | - | - | - | ( 763) | ( 763) |
| | | | | | - | | | |
| **BlackRock DDG** | 0% | - | 0% | - | - | 38 | - | 38 |
| **Total** | **60.0%** | **234,717** | **40.0%** | **156,478** | **391,195** | **244,110** | **137,610** | **381,720** |

12

**Local Government Pension Scheme assets comprised** (Bid value):

| Group | 2022/23<br>Group Quoted Prices<br>£000 | 2022/23<br>Group Unquoted Prices<br>£000 | 2022/23<br>Total<br>£000 | 2021/22<br>Group Quoted Prices<br>£000 | 2021/22<br>Group Unquoted Prices<br>£000 | 2021/22<br>Total<br>£000 |
|---|---|---|---|---|---|---|
| **Equities** | | | | | | |
| Seggregated: | | | | | | |
| Real Estate | - | - | **-** | 3,646 | - | **3,646** |
| Consumer | 62,143 | - | **62,143** | 50,621 | - | **50,621** |
| Energy | - | - | **-** | 1,357 | - | **1,357** |
| Financials | 40,262 | - | **40,262** | 26,540 | - | **26,540** |
| Health Care | 18,380 | - | **18,380** | 14,924 | - | **14,924** |
| Industrial | 31,509 | - | **31,509** | 24,378 | - | **24,378** |
| Technology | 45,076 | - | **45,076** | 53,419 | - | **53,419** |
| Materials | - | - | **-** | 6,232 | - | **6,232** |
| Communications | 14,004 | - | **14,004** | 9,921 | - | **9,921** |
| Utilities | - | - | **-** | 1,484 | - | **1,484** |
| Fixed Income & Other | - | - | **-** | 254 | - | **254** |
| Trade Cash/Pending | 9,628 | - | **9,628** | 10,514 | - | **10,514** |
| Synthetic Equity | - | - | **-** | - | - | **-** |
| **Private Equity** | - | 35,010 | **35,010** | - | 38,072 | **38,072** |
| **Fixed Income** | 5,252 | - | **5,252** | 11,744 | - | **11,744** |
| **Total Return** | - | - | | | | |
| Investment/Hedge funds and Unit trusts | 36,323 | - | **36,323** | 45,025 | - | **45,025** |
| **Credit** | - | 42,888 | **42,888** | - | 34,383 | **34,383** |
| **Infrastructure** | - | 55,141 | **55,141** | - | 43,202 | **43,202** |
| **Property Fund/ Real Estate** | - | 42,012 | **42,012** | - | 38,030 | **38,030** |
| **Cash** | - | - | | | | |
| Cash at bank | - | - | **-** | 9,794 | - | **9,794** |
| LDI | - | - | **-** | 1,229 | - | **1,229** |
| Currency (forward contracts) | - | - | **-** | - | ( 848) | **( 848)** |
| **BlackRock DDG** | - | - | **-** | 42 | - | **42** |
| **Total** | **262,577** | **175,051** | **437,628** | **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. Under the LGPS rules there is not an unconditional right to a refund given that the Authority is expected to participate in the LGPS indefinitely and as a result an asset ceiling calculation has been made. This ceiling has been calculated as higher than the surplus and therefore the surplus is recognised in full.

**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% | 4.80% | 2.60% | 2.55%-2.60% |
| | | | | |
| **Mortality Assumptions** | | | | |
| Longevity at 65 for current pensioners | | | | |
| Men | 22.4 | 22.0 - 22.6 | 22.8 | 22.4 - 22.9 |
| Women | 24.7 | 24.0 - 24.7 | 24.9 | 24.5- 24.9 |
| | | | | |
| Longevity at 65 for future pensioners | | | | |
| Men | 22.9 | 22.4 - 23.5 | 23.7 | 23.7 - 24.0 |
| Women | 25.7 | 25.5 - 25.8 | 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 reports on the sensitivity of the value of the defined benefit obligation to increases or decreases in key assumptions.

| | Increase in Assumption £000 | Actual £000 | Decrease in Assumption £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 ranges from 22 to 31 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 | - | - |
| | **243** | **661** | **175** | **564** |

The £243K Authority audit fee figure in the table above represents the £220k planned fee for 2022-23 offset by a £24k reduction to the 2020-21 audit fee post Public Sector Audit Appointment (PSAA) review. A further additional fee of £38k for 2021-22 has been proposed by our auditors and is subject to approval by PSAA, meaning that the total proposed 2021-22 audit fee for the authority is £258k. Additional fees of £9k were charged in relation to other audit work.

## 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. MCIL is recognised in the CIES as income and is reported within the Taxation and Non-Specific Grant Income and Expenditure, see Note 13.

## 25. Property, Plant and Equipment

| | Group 2022/23 | | | | Group 2021/22 | | | |
|---|---|---|---|---|---|---|---|---|
| | Land and Buildings | Vehicles, Plant, Furniture & Equipment | Assets Under Construction | Total Property, Plant and Equipment | Land and Buildings | Vehicles, Plant, Furniture & Equipment | Assets Under Construction | Total Property, Plant and Equipment |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £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** |
| *Additions:* | | |
| Purchases | 36,738 | 5,390 |
| Subsequent expenditure | - | 21,534 |
| Disposals | (900) | - |
| Net gains/(losses) from fair value adjustments | (69,958) | 58,173 |
| *Transfers:* | | |
| To/from Inventories | (19,628) | (39,347) |
| **Balance at 31 March** | **186,418** | **240,166** |

## 27. Investment Properties - Valuations

The Group investment portfolio was valued as at 31 March 2023 by JLL Limited. The investment property portfolio is now valued at £186.4m, a net decrease in fair value of £53.7m 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 are affordable homes. 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 | |
| **LLDC** | | | | |
| London Aquatics Centre and Copper Box Arena | 9,890 | 9,685 | 205 | 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 | 987 | 513 | 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) | 78,759 | 105,977 | (27,218) | 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 | 8,350 | 24,173 | (15,823) | 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 |
| **LLDC Total** | **132,709** | **166,732** | **(34,023)** | |

| GLAP | | | | |
|---|---|---|---|---|
| 1-3 Salamons Way, Dagenham | 1,217 | 1,590 | (373) | The valuation of the land at 1-3 Salamons Way is based on comparable market prices offset by the cost of remediation works. |
| Workspace | 1,600 | 3,830 | (2,230) | The valuation is based on open market value taking into account the irregular shape and inefficiency of the site and that approximately 0.53 acres is safeguarded for a new bus lane. The cost of remediation work has also been reflected in the valuation. |
| Hoxton Workspaces, Hoxton | 2,380 | 3,200 | (820) | The property is a mid-terrace, four storey building dating from the late 1800s which has been converted into 16 office suites/workshop units. The valuation is based on the rental income streams discounted at an appropriate discount rate. |
| Armada Green Recreation Area | 3,360 | 3,960 | (600) | Armada Green Recreation Area is an irregular shaped piece of amenity land measuring 0.86 acres, which is used for recreation. The valuation is based on the NPV calculation of future land payments under the development agreement. |
| Albert Island Plots | 14,867 | 30,114 | (15,247) | Albert Island is an irregularly shaped island site is currently being used mainly for open storage and marina purposes. The site is broadly flat and is covered by a mixture of tarmac, concrete and vegetation, although it also contains some temporary buildings. The valuation is based on the NPV calculation of future land payments under the development agreement. |
| Landmark Site (Crystal Building) | 18,375 | 23,780 | (5,405) | The Landmark Site has been let to the Greater London Authority and is the City Hall building. The valuation is based on the capitalised rental income under the lease agreement with the Greater London Authority |
| Brunel St Works | 5,237 | - | 5,237 | Brunel Street Works comprises commercial units situated at the ground floor of a large residential development. The valuation is based on the discounted estimated rental income less the fit out costs required to bring the commercial units to the rental market. |
| Other Assets | 6,673 | 6,958 | (285) | Various smaller sites and reversionary interests valued using various methodologies including expected rental values discounted at an appropriate yield and comparable market value information. |
| **GLAP Total** | **53,709** | **73,432** | **(19,723)** | |
| | | | | |
| **Total** | **186,418** | **240,164** | **(53,746)** | |

## GLA Group Investment Property

In 2022-23 net losses in the fair value of investment property of some £69.9m 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:

| **Recurring fair value measurements using:** | **Quoted prices in active markets for identical assets Level 1** | **Other significant observable inputs Level 2** | **Significant unobservable inputs Level 3** | **Fair Value as at 31 March 2023** |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| **London Legacy Development Corp.** | | | | |
| Queen Elizabeth Olympic Park (excl. East Bank) | - | 78,759 | - | **78,759** |
| East Bank public realm and Carpenters Land Bridge | - | - | (22,500) | **(22,500)** |
| Commercial units | - | 29,090 | 34,650 | **63,740** |
| Other assets | - | 4,749 | 7,960 | **12,709** |
| | | | | |
| **GLA Land and Property Ltd.** | | | | |
| Commercial units | - | - | 53,262 | **53,262** |
| Residential properties | - | - | 448 | **448** |
| **Balance at 31 March 2023** | **-** | **112,598** | **73,820** | **186,418** |

**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

**Transfers between Levels of the Fair Value Hierarchy**

GLAP – there were no transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

LLDC's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. During 2022-23 the fair value hierarchy classification for a number of LLDC's properties was revisited and corrected:

- Hackney Wick (LTGDC transferred asset) has been transferred from Level 1 to Level 2 based on the valuation being determined using the agreed sale terms of the asset between LLDC and Notting Hill Genesis.

- 5 Hancock Road (LTGDC transferred asset), 3 Mills Studios and Other Assets have been transferred from Level 1 to Level 3 as the measurement technique uses significant unobservable inputs to determine the fair value measurements. LLDC has assessed this as the most appropriate level for inputs used in the asset valuations.

**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.

**Significant Observable Inputs – Level 2 (LLDC)**
The fair value for the residential properties is based on the market approach using current market conditions (e.g. construction prices), discount rate and recent sales prices and other relevant information for similar assets in the local area. Where there is readily available market information for specific assets this has been used to determine the value of the asset. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to other properties (London Aquatics Centre, Copper Box Arena, Here East and the Multi Storey Car Park) also being categorised at Level 2 in the fair value hierarchy.

**Significant Unobservable Inputs – Level 3 (LLDC)**
The ArcelorMittal Orbit and Other Assets consisting of Timberlodge and Kiosks are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach was developed using the LLDC's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The Stadium Island land value is a discounted estimate of the land value following the end of the current lease period in 2115. Therefore, a change in the inputs would impact the fair value of the asset.

The East Bank assets are valued based on the estimated costs to build those specific assets.

3 Mills Studios is measured using an investment method where a discounted cash flow is updated using the authority's own date for expected trading results to determine the valuation of 3 Mills Studios as a trading asset. Changes in the market conditions which could impact expected income growth, or occupancy levels would impact the fair value of the asset.

5 Hancock Road asset is valued using market-based inputs to determine the estimated rental valuation of the asset. Changes to the industrial market rental values would impact the fair value of the asset.

The Stadium, ArcelorMittal Orbit, 3 Mills Studios, 5 Hancock Road, Other Assets and East Bank assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement techniques use significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

### 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) | - |
| *Gains and losses included in profit or loss for the year:* | | |
| Increase/(decrease) in fair value of investment properties | (18,976) | 17,153 |
| *Transfers:* | | |
| (To) / from Inventories | - | (39,347) |
| **Balance at 31 March** | **60,484** | **73,433** |

### 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 | £1,298,809 | 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% | |

**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% | |

### Valuation techniques

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

## 28. 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.

## 29. 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.

## 30. Long term investments

| | Note | 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 - held at amortised cost* | 50f | - | - | 1,534,315 | - |
| Infrastructure loans - held at amortised cost | | - | 120,244 | - | 120,676 |
| Equity investments at cost | | - | 4,024 | - | 2,183 |
| Contribution to LTLF LP (formerly LTLF LP) - held at amortised cost | | 52,081 | - | 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** | **1,744,826** | **1,613,467** | **1,895,877** |

*Loan to LTLF LP has been reclassified as Cash and Cash Equivalent at 31 March 2023 as this investment is held by the Authority for the purpose of meeting short–term cash commitments rather than for investment or other purposes.

## 31. Investments in Subsidiaries

**London Treasury Limited (LTL)** - 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). LTLF GP Limited is a general partner in the limited partnership London Treasury Liquidity Fund LP (LTLF LP). LTLF GP Limited is registered in Scotland.

**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. LTLF 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. LTLF LP Limited is registered in Scotland.

**London Power Co. Limited (LPC)** - GLAH holds 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.

**SME Wholesale Finance Limited (SMEWFL)** - On 31 October 2017, the Authority became the sole member of SME Wholesale Finance Limited (SMEWFL) thereby gaining full control of this entity. SMEWFL's main objective is to bridge the London funding gap for early-stage businesses through the provision of loan and equity financing. It is accounted for as a subsidiary in the Authority's group accounts.

**London Co-Investment Fund LLP (LCIF)** - SMEWFL is a member of the London Co-Investment Fund LLP (LCIF), it has 100% economic interest in and controls LCIF. 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. The Authority controls LCIF via its control of SMEWFL and has accounted for LCIF as a subsidiary in the Authority's accounts.

**Greater London Investment Fund (GLIF)** was established in June 2018 and is a wholly owned subsidiary of SMEWFL. GLIF's 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 Legacy Development Corporation (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.

**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.

## 32. Non-current Assets held for sale

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

## 33. 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, xvi Fair Value for further details.

Long-term debtors comprise:

| | Authority 31 March 2023 £000 | Group 31 March 2023 £000 | Authority 31 March 2022 £000 | Group 31 March 2022 £000 |
|---|---|---|---|---|
| Loans to third parties, including subsidiaries, for capital purposes | 827,350 | 154,582 | 802,842 | 133,620 |
| Other debtors | 10 | 8,524 | 10 | 7,262 |
| Expected credit loss | (38,003) | (7,174) | - | - |
| Fair value increase /(decrease)* | (10,080) | (10,080) | - | - |
| | **779,277** | **145,852** | **802,852** | **140,882** |

**In 2021/22 the fair value increase of £10.4m is included in the "Loans to third parties for capital purposes" figure*

## 34. Finance leases – Group as lessor – Finance lease receivables

### 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 |
|---|---|---|
| *Finance lease debtor (net present value of minimum lease payments):* | | |
| 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 |
|---|---|---|
| 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** |

| **Minimum lease payments** | Group 31 March 2023 £000 | Group 31 March 2022 £000 |
|---|---|---|
| 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** |

**Finance lease debtor**

| | Group 31 March 2023 £000 | Group 31 March 2022 £000 |
|---|---|---|
| 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** |

## 35. Finance leases – 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 |
|---|---|---|
| *Finance lease liabilities (net present value of minimum lease payments):* | | |
| 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. A group CFR calculation is not required as all of LLDC's borrowing is with the GLA and is therefore eliminated on consolidation. The GLA's CFR calculation is therefore an accurate representation of the Group's CFR.

| | 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 | - | 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 | (283,444) | (225,522) |
| Revenue financing of capital for GLA capital spend | (121,473) | (19,596) |
| **Closing Capital Financing Requirement at 31 March** | **5,448,088** | **5,452,875** |
| | | |
| **Explanation of movements in year** | | |
| **Opening Capital Finance Requirement** | **5,452,875** | **5,162,815** |
| Minimum Revenue Provision-Crossrail | (283,444) | (225,522) |
| Increase / (decrease) in underlying need to borrow _Crossrail | 271,000 | 554,000 |
| Increase / (decrease) in underlying need to borrow _ NLE | - | 16,469 |
| Increase / (decrease) in underlying need to borrow _Loans to Third Parties | 7,657 | (54,887) |
| **Closing Capital Financing Requirement at 31 March** | **5,448,088** | **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 |
| Purchases (LLDC Residential & GLAP land and buildings) | 28,722 | 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) | - |
| Transfer from Investment Properties | 23,090 | 39,347 |
| Recognised as an expense in the year | (19,179) | (66,871) |
| Increase/(decrease) in net realisable value | (28,437) | (376) |
| Reversals of write-offs in previous years | 53 | 8,633 |
| **Balance at 31 March** | **529,977** | **411,702** |
| **Split:** | | |
| Inventory valued at at lower of cost and net realisable value | 362,190 | 302,536 |
| Inventory valued at the lower of cost and replacement cost | 167,787 | 109,166 |
| **Balance at 31 March** | **529,977** | **411,702** |
| **Split:** | | |
| **LLDC** | 290,662 | 161,871 |
| **GLAP** | 239,315 | 249,831 |
| **Balance at 31 March** | **529,977** | **411,702** |

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 (£25.0m at 31 March 2023 / £10.3m at 31 March 2022): 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 (£265.6m at 31 March 2023 / £151.6m at 31 March 2022): 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 31 March 2023 £000 | Group 31 March 2023 £000 | Authority 31 March 2022 £000 | Group 31 March 2022 £000 |
|---|---|---|---|---|
| Central government bodies | 237,664 | 251,368 | 803,415 | 829,407 |
| Local Authorities & Functional Bodies | 766,364 | 766,754 | 232,034 | 232,394 |
| Public corporations and trading funds | 65 | 65 | - | - |
| Subsidiary/Parent | 284,511 | 471 | 314,096 | 1,044 |
| Other entities and individuals | 352,017 | 405,230 | 309,046 | 375,170 |
| **Total** | **1,640,621** | **1,423,888** | **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:

| | Note | Authority 31 March 2023 £000 | Group 31 March 2023 £000 | Authority 31 March 2022 £000 | Group 31 March 2022 £000 |
|---|---|---|---|---|---|
| Bank current accounts | | (112,529) | (67,855) | 177,339 | 216,043 |
| Other deposits | 50f | 2,769,190 | 770,987 | 623,767 | 681,132 |
| **Total** | | **2,656,661** | **703,132** | **801,106** | **897,175** |

The Authority's Bank current accounts line in the disclosure includes accounting for the payment of outgoing BACS that were processed on 31 March 2023.

## 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 | (95,522) | (109,491) | (61,959) | (75,868) |
| Local Authorities & Functional Bodies | (285,088) | (298,490) | (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) | (763,160) | (464,017) | (536,272) |
| Subsdiary/Parent | (4,314) | (23) | (1,074) | (31) |
| **Total Creditors** | **(991,165)** | **(1,172,897)** | **(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 | - | (53,601) | (1,332) | (149,781) | (42,430) | **(247,144)** |
| Amounts used | - | 6,353 | - | 165,842 | 22,618 | **194,813** |
| Unused amounts reversed in year | - | - | 250 | - | - | **250** |
| Effect of change in discount rate | - | 97,934 | - | - | - | **97,934** |
| 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)** | **(386,397)** | **(244,303)** | **(819,675)** |

## 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 | - | (53,601) | - | (149,781) | - | **(203,382)** |
| Amounts used in year | - | - | - | 165,842 | - | **165,842** |
| Effect of change in discount rate | - | 108,784 | - | - | - | **108,784** |
| Unwinding of discount | - | (4,564) | - | - | - | **(4,564)** |
| Other adjustments | - | 98 | - | (4,884) | - | **(4,786)** |
| **Balance at 31 March 2023** | **-** | **(174,977)** | **(300)** | **(386,397)** | **0** | **(561,674)** |

## 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 | - | (10,850) | - | - | - | **(10,850)** |
| Other adjustments | 25 | (98) | 14,376 | - | - | **14,303** |
| **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 | - | (149,781) | (1,000) | **(150,781)** |
| 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)** | **(386,397)** | **(1,000)** | **(388,422)** |

**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 | - | (149,781) | - | **(149,781)** |
| Amounts used | - | 165,842 | - | **165,842** |
| Unused amounts reversed | - | - | - | **-** |
| Other adjustments | - | (4,884) | - | **(4,884)** |
| **Balance at 31 March 2023** | **-** | **(386,397)** | **-** | **(386,397)** |

**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 £386.4m. The current expectation is that these appeals will not be settled within 12 months, and it is not possible to state with any certainty when they will be settled.

**East Bank Provision (LLDC)**

The East Bank project, is held as Inventory in the Group balance sheet, and 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 | 4,676,210 | 5,179,753 | 4,626,612 | 5,176,071 |
| Deferred Capital Receipts Reserve | (301,745) | (1,745) | (300,146) | (146) |
| Pensions Reserve | (26,705) | (21,910) | 207,959 | 260,051 |
| Collection Fund Adjustment Account-Council tax | (16,550) | (16,550) | (3,294) | (3,294) |
| Collection Fund Adjustment Account-Non Domestic rates | (5,910) | (5,910) | 914,639 | 914,639 |
| Accumulated Absences Account | 2,359 | 2,734 | 2,652 | 2,975 |
| Financial Instruments Adjustment Account | 7,829 | 7,829 | 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** | **4,403,519** | **4,746,490** | **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 | Group 2022/23 | Authority 2021/22 | Group 2021/22 |
|---|---|---|---|---|
| **Balance at 1 April** | **£000** | **£000** | **£000** | **£000** |
| 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 | Group 2022/23 £000 | Authority 2021/22 £000 | Group 2021/22 £000 |
|---|---|---|---|---|
| **Balance at 1 April** | **-** | **(1,548)** | **(4,297)** | **(4,297)** |
| (Upward)/Downward revaluation of investments | - | 2,206 | - | (1,548) |
| **(Surplus)/deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of** | **-** | **2,206** | **-** | **(1,548)** |
| Accumulated gains on assets sold written out to the comprehensive income and expenditure statement as part of other investment income* | - | - | 4,297 | 4,297 |
| **Balance at 31 March** | **-** | **658** | **-** | **(1,548)** |

*Revaluation adjustments recognised in the CIES on the transfer of RMBS investments to LTLF LP (formerly GLA SR Ltd.)

## 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 31 March** | **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 | 15,308 | 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 | - | 50,982 | - | - |
| Revenue expenditure funded from capital under statute | 2,654,958 | 2,656,192 | 1,709,007 | 1,710,023 |
| Fair value through profit and loss adjustments | 10,080 | 22,046 | (10,406) | (22,372) |
| Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Account | - | (3,911) | - | 5,355 |
| Corporation Tax liability for the year | - | 12,380 | - | 4,557 |
| Other adjustments | - | (6,091) | - | (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 |
| | **2,704,288** | **2,794,817** | **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) | (165,688) | (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 | (283,444) | (283,444) | (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 | - | (3,943) | - | 24,358 |
| Repayment of long term capital debtors | 42,308 | 42,308 | 36,985 | 36,985 |
| | **(2,654,690)** | **(2,791,135)** | **(1,386,578)** | **(1,531,640)** |
| **Balance at 31 March** | **4,676,210** | **5,179,753** | **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 | (1,599) | (1,599) | **215** | **215** |
| **Balance at 31 March** | **(301,745)** | **(1,745)** | **(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 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) | (284,707) | (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 | 23,071 | 41,363 | 47,544 |
| Deferred tax asset | - | (10,464) | - | |
| 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)** | **(21,910)** | **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 | (13,256) | (21,624) |
| **Balance at 31 March** | **(16,550)** | **(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 | (920,549) | (685,689) |
| **Balance at 31 March** | **(5,910)** | **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 | 336 | 445 |
| Effective interest rate on soft loans credited to the Comprehensive Income and Expenditure Statement | (2,343) | (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** | **(2,007)** | **(1,905)** |
| **Balance at 31 March** | **7,829** | **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 2022/23 £000 | Group 2022/23 £000 | Authority 2021/22 £000 | Restated Group 2021/22 £000 |
|---|---|---|---|---|
| Depreciation of property, plant and equipment , amortisation of intangibles | 3,892 | 5,741 | 3,211 | 11,239 |
| Impairment of FVTPL assets | - | (20) | - | - |
| Impairment of financial instruments at amortised cost | 35,357 | 10,465 | - | 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 | - | 69,958 | - | (58,173) |
| Reversal in fair value though proft and loss movements | - | 865 | - | (1,065) |
| Movement in pensions liability | 9,950 | 14,741 | 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 | (144,064) | (119,756) | (470,133) | (458,851) |
| (Increase)/decrease in debtors | 11,655 | (4,156) | 450,802 | 391,695 |
| Increase/(decrease) in impairment provision for bad debts | - | (154) | - | (113) |
| (Increase)/ decrease in stock | - | 10,516 | - | 431 |
| Increase/ (decrease) in provisions | (24,578) | (50,806) | (80,522) | (110,387) |
| Tax expense | - | 1,337 | - | 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 | - | 3,827 | - | 5,355 |
| Inventory purchases not set against provision (East Bank) | - | (117,488) | - | (90,007) |
| Inventory purchases (non-East Bank) | - | (4,228) | - | (17,605) |
| Reversal of share of loss or profit on joint venture | - | 7,837 | - | - |
| | **(92,085)** | **(104,674)** | **(30,348)** | **(225,466)** |

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

| | Authority 2022/23 £000 | Group 2022/23 £000 | Authority 2021/22 £000 | Group 2021/22 £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) | (1,093,596) | (543,094) | (645,315) |
| Other investing or financing cash flows | - | 10,360 | - | 5,042 |
| | **(975,053)** | **(1,082,471)** | **(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 | Restated Group 2021/22 £000 |
|---|---|---|---|---|
| Purchase of property, plant and equipment, investment property and intangible assets | (7,890) | (50,788) | (13,804) | (35,665) |
| Purchase of short-term and long-term investments | (68,571) | (196,592) | (8,388,933) | (7,037,426) |
| Other movements on investing activities | - | 51,722 | - | (1,093) |
| Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale | - | 950 | - | - |
| Capital grants received | 1,012,823 | 1,131,366 | 624,494 | 745,374 |
| Proceeds from short-term and long-term investments | 107,135 | 943,747 | 7,939,092 | 6,439,767 |
| Proceeds from the sale of financial instruments held at FVTPL | - | 2,343 | - | 1,176 |
| Investments in joint venture | - | (1,843) | - | - |
| **Net cash flows from investing activities** | **1,043,497** | **1,880,905** | **160,849** | **112,132** |

## 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 | 1,344,112 | 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)** | **57,621** | **192,302** | **398,583** |

## 47a. 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)** | (69,114) | (28,371) | **(5,792,243)** |
| Finance Lease Liabilities | **(322)** | 21 | - | **(301)** |
| **Total Liabilities from Financing Activities** | **(5,695,082)** | **(69,093)** | **(28,371)** | **(5,792,544)** |

| 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

| Reconciliation of Liabilities arising from Financing Activities | Authority 2022/23 1 April £000 | Authority Financing Cashflows £000 | Authority Non-financing cash Movements £000 | Authority 2022/23 31 March £000 |
|---|---|---|---|---|
| Long Term and Short Term Borrowings | **(5,600,787)** | 79,650 | (29,236) | (5,550,373) |
| Finance Lease Liabilities | - | - | - | **-** |
| **Total Liabilities from Financing Activities** | **(5,600,787)** | **79,650** | **(29,236)** | **(5,550,373)** |

| Reconciliation of Liabilities arising from Financing Activities | Authority 2021/22 1 April £000 | Authority Financing Cashflows £000 | Authority Non-financing cash Movements £000 | Authority 2021/22 31 March £000 |
|---|---|---|---|---|
| Long Term and Short Term Borrowings | **(5,393,576)** | (178,188) | (29,023) | (5,600,787) |
| Finance Lease Liabilities | - | - | - | - |
| **Total Liabilities from Financing Activities** | **(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**

The following paragraphs set out the transactions between the Authority and its 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 £1,402k 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**
At 31 March 2023, an Assembly Member was a Trustee of Trust for London Trustee; they resigned the trusteeship on 10 June 2023.
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 2022-23 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.

**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 £4.1m.

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)** |
| ***Non-current financial liabilities (excluding trade and other payables and provisions) 100%*** | ***(253,434)*** | ***(200,215)*** |
| ***Current financial liabilities (excluding trade and other payables and provisions) 100%*** | - | - |
| ***GLAP's share of non-current & current financial liabilities(excluding trade and other payables and provisions) (49%)*** | ***(124,183)*** | ***(98,105)*** |
| 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 | Note | 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 | 50f | 52,161 | 202,203 | 1,613,467 | 180,898 |
| Financial assets at FVOCI | 50f | - | 1,098,196 | - | 1,343,584 |
| Financial assets at FVTPL | 50f | - | 444,427 | - | 371,395 |
| **Total investments** | | **52,161** | **1,744,826** | **1,613,467** | **1,895,877** |
| | | | | | |
| **Debtors-Long Term** | | | | | |
| Financial assets at amortised costs | | 287,815 | 133,460 | 345,147 | 128,986 |
| Financial assets at FVTPL | | 491,462 | 12,392 | 457,705 | 11,896 |
| Finance lease receivables | | - | 47,327 | - | 49,156 |
| **Total Debtors** | | **779,277** | **193,179** | **802,852** | **190,038** |
| | | | | | |
| **Borrowings-Long term** | | | | | |
| Financial liabilities at amortised costs | | (5,122,391) | (5,445,999) | (5,122,791) | (5,287,411) |
| **Total borrowings** | | **(5,122,391)** | **(5,445,999)** | **(5,122,791)** | **(5,287,411)** |
| | | | | | |
| **Creditors and Other Long Term Liabilities -Long term** | | | | | |
| Financial liabilities at amortised costs | | (2,909) | (68,490) | (2,856) | (68,373) |
| Finance lease liabilities | | - | (289) | - | (300) |
| **Total creditors** | | **(2,909)** | **(68,779)** | **(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 | 50f | - | 1,205,694 | 1,483,992 | 1,818,793 |
| **Total investments** | | **-** | **1,205,694** | **1,483,992** | **1,818,793** |
| | | | | | |
| **Debtors** | | | | | |
| Financial assets at amortised costs | | 622,089 | 388,851 | 528,289 | 260,433 |
| Finance lease receivables | | - | 3,202 | - | 50,764 |
| **Total Debtors** | | **622,089** | **392,053** | **528,289** | **311,197** |
| | | | | | |
| **Cash and cash equivalents** | | **2,656,661** | **703,132** | **801,106** | **897,175** |
| | | | | | |
| **Borrowings** | | | | | |
| Financial liabilities at amortised costs | | (427,982) | (346,243) | (477,996) | (407,348) |
| **Total borrowings** | | **(427,982)** | **(346,243)** | **(477,996)** | **(407,348)** |
| | | | | | |
| **Creditors** | | | | | |
| Financial liabilities at amortised costs | | (392,703) | (412,817) | (184,900) | (179,545) |
| Finance lease liabilities | | - | (12) | - | (22) |
| **Total creditors** | | **(392,703)** | **(412,829)** | **(184,900)** | **(179,567)** |

## 50b. Material soft loans made by the Authority

A soft loan is a loan at less than market rates. 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 | 168,478 | - | - | - | **168,478** |
| Finance lease interest | 259 | - | - | - | **259** |
| Expected and actual credit losses/(reversals) | - | 10,940 | - | - | **10,940** |
| Unwind of discount on non-current creditors | 756 | - | | - | **756** |
| Fee expense | 215 | - | (4) | 328 | **539** |
| **Total expense in (Surplus) or Deficit on the Provision of Services** | **169,708** | **10,940** | **(4)** | **328** | **180,972** |
| Interest income | (1) | (80,562) | - | (3,180) | **(83,743)** |
| Dividend Income | | (12,927) | - | - | **(12,927)** |
| Finance lease interest | - | (3,636) | - | - | **(3,636)** |
| (Increase)/Decrease in fair value | - | - | - | (3,556) | **(3,556)** |
| 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** | **(1)** | **(99,828)** | **-** | **(6,495)** | **(106,324)** |
| **Net (gain)/loss for the year** | **169,707** | **(88,888)** | **(4)** | **(6,167)** | **74,648** |

| | 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 | Financial Assets at amortised cost | Financial Assets at FVOCI | Financial Assets at FVTPL | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| Interest expense | 180,360 | - | - | - | **180,360** |
| Impairment losses | - | 35,508 | - | - | **35,508** |
| Fee expense | 215 | - | (4) | 328 | **538** |
| **Total expense in (Surplus) or Deficit on the Provision of Services** | **180,574** | **35,508** | **(4)** | **328** | **216,406** |
| Interest income | - | (111,280) | - | (556) | **(111,836)** |
| Dividend income | - | (12,927) | - | - | **(12,927)** |
| (Increase)/decrease in fair value | - | - | - | 8,169 | **8,169** |
| Unwind of discount on loan | - | (2,343) | - | - | **(2,343)** |
| **Total income in (Surplus) or Deficit on the Provision of Services** | - | **(126,549)** | **-** | **7,613** | **(118,937)** |
| **Net (gain)/loss for the year** | **180,574** | **(91,041)** | **(4)** | **7,941** | **97,469** |

2021/22

| | Financial Liabilities measured at amortised cost | Financial Assets at amortised cost | Financial Assets at FVOCI | Financial Assets at FVTPL | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £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** | **163,649** | **253** | **769** | **4,037** | **168,708** |
| 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)** |
| Gains on derecognition | | | | | **-** |
| **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

**Fair Value through Other Comprehensive Income**
Residential Mortgage-Backed Securities (RMBS) investments held by LTLF LP fall under the 'Mixed' model, meaning that the classification will be Fair Value through Other Comprehensive Income (FVOCI), this is because of the securities' nature of 'holding to collect cash flow' and the occasional sale of securities as deemed fit by Investment managers. As per the fair value hierarchy, these are valued at level 2.

**Fair Value through Profit and Loss (FVTPL)**
**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

**Fund and partnership investments** totalling £328.9m, as detailed in Note 30, are classified as Fair Value through Profit/Loss (FVTPL) and gains and loss are recognised in the income and expenditure account as they arise.

Some of the investments are held by Fund Managers which provide estimated net asset values of the funds on which the 31 March 2023 valuation is based. For other equity investments, valuations are based on the most recent fundraising round with adjustments made to that valuation where required. Other valuations are based on the International Private Equity and Venture Capital Valuation (IPEV) Guidelines, an approach that draws upon the business prospects as reported by the investee companies on a 6 monthly basis and their other periodic shareholder reports – these are Level 3 fair value measurements.

In the Group CIES, £2.2m has been recycled from Other Comprehensive Income (the Financial Instruments Revaluation Reserve) to the CIES on the redemption of residential mortgage-backed securities.

**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**

**Group**

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 are carried in the Balance Sheet at amortised cost.

**Authority only**

The loan investment held in LTLF LP, totalling £2.7bn, at 31 March 2023, has been reclassified from a long term investment to cash and cash equivalents because they are held for meeting short-term cash commitments rather than for investments or other purposes and meet 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 for the LTLF LP fund has been assessed at £0.394m and as the GLA core commitment is part of the LTLF LP fund, the ECL attributable to the GLA core commitment would be 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.

## 50g. Fair Value for financial assets and liabilities

The Code requires disclosure of information comparing the fair values and carrying values for financial instruments.

The following table gives the fair value information for both financial instruments held at amortised cost and at fair value through profit and loss:

| | 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) | (5,792,242) | (5,338,576) |
| Investments - non-current and current at amortised cost | 52,161 | 52,161 | 1,407,897 | 1,407,897 |
| Investments - non-current and current at fair value through profit and loss | - | - | 444,427 | 444,427 |

| | 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 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 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 borrowing, at 31 March 2023, is less 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 lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

Investments at amortised costs consists of the core commitment held in LTLF LP, call and notice bank accounts and money market instruments. LTLF LP is held at cost as it is in investment in a subsidiary and the expected credit loss has not been recognised as it has been deemed immaterial, the other short term investments are held at cost and fair value has not been calculated because the carrying amount is a reasonable approximation of the fair value.

Financial assets at fair value through profit and loss consists of long-term equity mortgages and fund investments.

**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 fair value of borrowing is less 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 lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

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, the majority of the Authority's cash was placed with 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.

### Expected credit loss reconciliation

| Group | Long-term loans for capital purposes* | Finance lease receivables | Trade receivables | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Balance as at 1 April 2022** | **(26,193)** | **(2,609)** | **(283)** | **(29,085)** |
| 12-month loss allowance | (374) | 720 | - | **346** |
| Lifetime loss allowance | (20,237) | 833 | (475) | **(19,879)** |
| Impairment reversal | 8,593 | - | - | **8,593** |
| **Amount charged to CIES in year** | **(12,018)** | **1,553** | **(475)** | **(10,940)** |
| **Balance as at 31 March 2023** | **(38,211)** | **(1,056)** | **(758)** | **(40,025)** |

| Authority | Long-term loans for capital purposes* | Finance lease receivables | Trade receivables | Total |
|---|---|---|---|---|
| **Balance as at 1 April 2022** | **-** | **-** | **(65)** | **(65)** |
| 12-month loss allowance | (148) | - | - | **(148)** |
| Lifetime loss allowance | (43,802) | - | (151) | **(43,953)** |
| Impairment reversal | 8,593 | - | - | **8,593** |
| **Amount charged to CIES in year** | **(35,357)** | **-** | **(151)** | **(35,508)** |
| **Balance as at 31 March 2023** | **(35,357)** | **-** | **(216)** | **(35,573)** |

* all lifetime loss allowances are for loans for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets

In 2022-23 a very prudent approach was adopted for the calculation of the expected credit losses on the Authority's loan investments, previously where the collateral held exceeded the default exposure, the calculated impairment was immaterial and not provided for, however in the current year an expected credit loss allowance was recognised for all default exposure with an applied loss given default percentage of 35% for collateral backed loans and 45% for all other loans. This change in approach accounts for the significant increase in the Authority's expected credit loss allowance expense in 2022-23.

At 31 March 2023, the collateral held was mainly in the form of charges on the property development (completed and under construction), land and tangible assets. The collateral exceeded the credit exposure on 56% of the loan investments and finance lease receivables held by the Group**.**

**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<br>31 March 2023<br>£000 | Group<br>31 March 2023<br>£000 | Authority<br>31 March 2022<br>£000 | Group<br>31 March 2022<br>£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) | (3,023,561) | (2,975,459) | (2,910,836) |
| **Total** | **(6,817,374)** | **(7,242,925)** | **(6,926,786)** | **(7,089,053)** |

| Creditors and Interest Payable | Authority<br>31 March 2023<br>£000 | Group<br>31 March 2023<br>£000 | Authority<br>31 March 2022<br>£000 | Group<br>31 March 2022<br>£000 |
|---|---|---|---|---|
| Less than one year | (392,703) | (415,283) | (184,900) | (179,545) |
| Between one and two years | (2,909) | (19,835) | (2,856) | 44,309 |
| Between two and five years | - | (42,819) | - | (49,357) |
| Between five and ten years | - | (5,836) | - | (65,531) |
| **Total** | **(395,612)** | **(483,773)** | **(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.

**Sharing of disposal proceeds – LLDC Olympic land**

On 29 March 2012 the GLA entered into an agreement with the Department for Culture, Media and Sport (DCMS) to repay net proceeds from the sale of individual plots of land owned by LLDC, that are clearly identified by schedule as within the scope of the agreement. The GLA is entitled to keep the first £223m of net proceeds arising from the disposal of plots of land within the scope of the agreement. Net proceeds between £223m and £1,123m are to be shared 75 per cent to DCMS and 25 per cent to GLA. If net proceeds were to exceed £1,123m they would be shared 50 per cent to GLA and 50 per cent to the Treasury.

The receipts from development plots are being generated over the long term. As at October 2023, LLDC estimates the £223m threshold will not be reached until 2028-29 at the earliest before proceeds will then begin to be shared with DCMS. The most recent estimate also indicates final payments to DCMS from these proceeds will not complete until at least 2042-43.

The amount payable by the GLA will ultimately be determined by the level of total receipts that can be generated through disposals of LLDC land. This means there is no guarantee over the amount that might become payable; and there is no certainty on the date from when these payments will need to be made. Therefore, no provision has been made in these financial statements for this contingent liability. This position will be reviewed for the 2023-24 financial statements.

**Sharing of disposal proceeds - Greenwich Peninsula**

In 2012, GLAP entered into a legal agreement with the now Department for Levelling Up, Housing and Communities (DLUHC) with regards to sharing the receipts of Greenwich Peninsula land disposals between GLAP, National Lottery and the Department for Levelling Up, Housing and Communities. The first 13% of receipts are top-sliced and payable to the National Lottery, specified costs are deducted from the remaining receipts and the resultant net capital receipts are shared 50:50 between GLAP and DLUHC.

Payment is due when receipts are received and given the current economic climate and the period over which receipts will be received it is difficult to estimate with any certainty, the timing and amount of receipts.

**ArcelorMittal Orbit Loan (LLDC)**

LLDC continues to disclose 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 2022 | Prior Year Adjustment | Movement in year | 31 March 2023 |
| | £000 | £000 | £000 | £000 |
| **Deferred tax assets - Pensions** | | | | |
| Pension | (9,436) | 19,811 | (9,864) | 511 |
| **Total** | **(9,436)** | 19,811 | (9,864) | **511** |
| | | | | |
| **Deferred tax liabilities** | | | | |
| Investment properties | (4,328) | (29,177) | (17,271) | (21,599) |
| Capital losses carried forward | 2,401 | (2,401) | (2,401) | - |
| Development stock | (10,031) | (1,556) | 106 | (11,481) |
| Short term differences | 1,700 | 50 | (91) | 1,659 |
| Trading losses | 5,016 | 777 | (53) | 5,740 |
| Accelerated capital allowances | (153) | (1,193) | - | (1,346) |
| **Total** | **(5,395)** | (33,500) | (19,710) | **(27,027)** |
| | | | | |
| **Deferred tax assets** | | | | |
| Investment properties | (11,557) | 31,527 | (3,816) | 16,154 |
| Property plant and equipment | 469 | - | 424 | 893 |
| Capital losses carried forward | - | 2,401 | - | 2,401 |
| **Total** | **(11,088)** | **33,928** | **(3,392)** | **19,448** |
| | | | | |
| **Net deferred tax liabilities** | **(25,919)** | 20,239 | (32,966) | **(7,068)** |

The prior year adjustment column adjusts mainly for LLDC's final 2021-22 tax position that was finalised after the Authority's group accounts were signed.

## 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 £000 | 2021/22 £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 | - | 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** | **43,443** | **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** | **-** | **16,468** |
| **Deficit carried forward at 31 March** | **862,287** | **862,288** |

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.

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 of £4.6 million has been funded by 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) |
| Fire capital grant | | - |
| **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) | (630,452) |
| **Subtotal Policing Grants** | **(2,946,724)** | **(2,792,136)** |
| **Transport (TfL) grants** (4) | | |
| GLA Transport grant - general (revenue) (5) | (909,000) | (1,825,000) |
| GLA Transport grant - investment (capital) (6) | - | - |
| Other specific grants (7) | (173,973) | (29,298) |
| **Subtotal Transport Grants** | **(1,082,973)** | **(1,854,298)** |
| **Total Income** | **(4,037,893)** | **(4,680,645)** |
| **Expenditure** | | |
| London Fire Commissioner (1) | 8,196 | 34,211 |
| Mayor's Office for Policing and Crime | 2,946,724 | 2,792,136 |
| Transport for London | 1,082,973 | 1,854,298 |
| **Total Expenditure** | **4,037,893** | **4,680,645** |

(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<br>£000 | 2021/22<br>£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 allowances | (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 BRS** | | |
| 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 | 1,398 | 1,453 |
| **Sub total GLA expenditure on Crossrail project** | **408,639** | **685,105** |
| **Total Expenditure** | **421,073** | **694,403** |
| Transfers to/(from) General fund - Surplus/(Deficit) on Crossrail (BRS/MCIL) revenue account and Minimum revenue provision | **12,444** | **(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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