

Mayor's Draft Consolidated Budget 2025-26 Report

PART 1

1. Summary

- 1.1 This report presents the Mayor's Draft Consolidated Budget ("Draft Budget") proposals for the Greater London Authority (GLA) and its functional bodies for the financial year 2025-26, for consideration by the London Assembly on 23 January 2025. These are presented in Part 2 of this report.
- 1.2 The Draft Budget provides details on the revenue, capital and climate budget proposals for the GLA and each of its functional bodies. It also sets out the capital strategy proposal for the GLA Group, including the statutory Draft Capital Spending Plan, along with capital plans for the GLA and its functional bodies. It provides an assessment of the Group's savings and collaboration activity, along with a summary of revenue financing and funding assumptions.
- 1.3 This Part 1 document provides information to support the Assembly's consideration of the Draft Budget. Section 3 summarises the GLA Group budget process.
- 1.4 Building on the proposals set out in the Mayor's Consultation Budget for 2025-26 ("Consultation Budget") published in December, this Draft Budget provides a comprehensive package of support to continue building a fairer, safer and greener London for everyone. These are summarised in section 4.
- 1.5 Section 4 also provides a full list of changes compared to the Consultation Budget. A summary of responses to the consultation has been provided separately to the Assembly. Where responses would, if adopted, only lead to minor changes to the budget, they are being referred to the relevant GLA Group organisation for consideration in production of their final budget following the conclusion of the GLA Group process.
- 1.6 Legal and financial advice are provided in sections 5 and 6 respectively.

2. Recommendation

2.1 That the Assembly approves, without amendment:

- **the Mayor's Draft Budget for 2025-26**
- **the council tax requirement for the GLA Group constituent bodies**
- **the consolidated council tax requirement for the GLA Group of £1,565,742,675.32 (as detailed in Appendix J of Part 2)**

2.2 The consolidated council tax requirement reflects a proposed increase in the policing element of council tax precept of £14.00. This means the police element of the precept will increase from £305.13 in 2024-25 to £319.13 in 2025-26 for a Band D property. The council tax charge for non-police services is proposed to increase by £4.98, from £166.27 in 2024-25 to £171.25 in 2025-26 for a Band D property.

2.3 Consequently, the Band D council tax payable in the 32 London boroughs (the adjusted precept) is proposed to increase by 4.0 per cent from £471.40 in 2024-25 to £490.38 in 2025-26. The Band D precept for taxpayers in the Corporation of London area (the unadjusted precept), which has its own police force, increases by 3.0 per cent from £166.27 to £171.25.

2.4 In commending the budget proposals to the Assembly, the Mayor believes that Londoners recognise that his plans to increase the police and non-police precepts to the maximum possible amounts, without triggering a referendum, is necessary to provide additional resources to support frontline policing, and fire and rescue services.

2.5 The GLA Group's draft consolidated council tax requirement is composed of the following:

Constituent body	Council tax requirement
Greater London Authority: Mayor of London (GLA: Mayor)	£68,992,760.17
Greater London Authority: London Assembly (Assembly)	£2,782,739.98
Mayor's Office for Policing and Crime (MOPAC)	£1,017,990,696.70
Transport for London (TfL)	£246,576,350.55
London Fire Commissioner (LFC)	£229,400,127.92
London Legacy Development Corporation (LLDC)	£0.00
Old Oak and Park Royal Development Corporation (OPDC)	£0.00
Total Consolidated Council Tax Requirement	£1,565,742,675.32

3. Process

- 3.1 In July 2024, the Mayor issued his Budget Guidance for 2025-26 (“Budget Guidance”) requiring the GLA and its functional bodies to make a full and final public budget submission to the Mayor by 22 November 2024.
- 3.2 The budget submissions of the GLA and its functional bodies were consolidated in the Mayor’s Consultation Budget and Draft Capital Spending Plan for 2025-26, published on 4 December 2024.
- 3.3 The Mayor engaged Londoners through a public consultation with the Talk London community. Additionally, the Consultation Budget was sent to Commissioners, the London Assembly, the 33 London billing authorities, Business Improvement Districts and other representative bodies in London for comment.
- 3.4 The Mayor has considered the outcomes and recommendations from the consultation process, and now presents his **Draft Consolidated Budget 2025-26** including **Draft Capital Spending Plan** for consideration by the London Assembly on 23 January. Responses from the Assembly, once received, will be considered for the Mayor’s Final Draft Budget in February 2025.
- 3.5 London’s 33 billing authorities are due to return Council Tax and Business Rates estimates by 31 January. The Final Police, Fire and Local Government Finance Settlements are expected to be approved by Parliament and published in early February. These events will confirm the funding available to the Mayor in 2025-26 and will be reflected in the Mayor’s Final Draft Budget (to be published on 17 February), along with any changes in response to feedback from the London Assembly’s Budget & Performance Committee, which had not been received in time for inclusion in this Draft Budget.
- 3.6 Following the London Assembly approval of council tax precepts on 25 February 2025, the Mayor will be asked to confirm the Final Budget and Capital Spending Plan. Based upon these, each GLA Group organisation will then produce and approve its own final budget by the end of March 2025.

4. Draft Budget proposals

- 4.1 The GLA Group budget sets out how the Mayor will fund his plans to continue building a fairer, safer and greener London for everyone. As well as confirming funding to continue delivering Universal Free School Meals in London's state primary schools, the Mayor's budget ensures investment to tackle crime, build more affordable homes, reduce street homelessness, improve our transport network and keep London as a world-leader in tackling air pollution and the climate crisis.
- 4.2 On the delivery of housing, London has seen increasing numbers of homes built each year, despite lacking the investment and support necessary to achieve the Mayor's ambitions. The GLA Group budget has committed £1.5bn for capital spend on housing in 2025-26 to support the continued delivery of housing for Londoners.
- 4.3 The Mayor has doubled investment in policing from City Hall to help tackle crime, including a record additional £151 million in 2024-25 and recurring funding for 1,300 additional police officers. While the Mayor provides MOPAC and MPS with as much funding as possible, the overwhelming majority of funding comes from central government. After 14 years of significant real-terms government cuts and a lack of financial support for the additional pressures of policing the capital, MPS has been left in a difficult financial position despite the Mayor's record investment.
- 4.4 Following engagement with the Mayor, the Home Secretary provided £208.4 million of additional funding in the provisional Police Settlement. The award of an additional £63 million in the National and International Capital Cities (NICC) grant means 2025-26 is the first time the NICC grant has been higher than that provided by the government in 2010. The Commissioner is considering the implications of this for the MPS budget; expenditure plans will be updated in the Final Draft Budget.
- 4.5 The Mayor is also focused on being tough on the complex causes of crime and supporting the implementation of the Commissioner's New Met for London reform plan. The Mayor has funded more than 500,000 positive opportunities to help divert vulnerable young Londoners away from crime – including through London's Violence Reduction Unit. The Mayor's budget continues to fund crucial crime prevention measures.
- 4.6 His Majesty's Inspectorate recently found that LFB has made significant improvements in its performance and culture. LFB now responds to emergencies faster and is rated as outstanding in how it responds to major and multi-agency incidents. This positive transformation has been aided by significant investment from City Hall over recent years. Through this Draft Budget, the Mayor continues to support the London Fire Commissioner and his team, who have worked incredibly hard to drive forward the changes that were urgently needed.
- 4.7 The removal of TfL's operating grant by the government in 2015 made London's transport network highly dependent on fares income, which contributed to a financial emergency when the pandemic hit. Through prudent and effective financial management, TfL have managed to navigate through this financial crisis while protecting vital services for Londoners, delivering the first ever operational surplus in the organisation's history.

- 4.8 Together with the Mayor, TfL is focused on increasing and improving services across the city to make London's transport network better, greener, more accessible and as affordable as possible. This budget includes beginning work on the Superloop 2 and Bakerloop express bus services, increasing the number of zero-emission buses on London's roads, expanding our school streets and cycle network, and making more stations step-free.
- 4.9 The Chancellor announced substantial additional funding for TfL in her budget. This is good news for London, and the wider UK economy, and will help to support the crucial maintenance, renewal and growth of London's transport system, including through the delivery of new trains for the Piccadilly line and DLR, and upgrading the signalling on the District and Metropolitan lines.
- 4.10 As we head towards the Spending Review, the Mayor continues to work with the government and highlight the benefits of a multi-year funding settlement for TfL, which would not only improve transport services for Londoners, but help to boost housebuilding and economic growth, and create jobs.
- 4.11 LLDC transitions into its next phase at the start of 2025-26. Following the return of planning powers to the four local boroughs, the London Stadium will transfer to the GLA and the corporation's boundaries and revenue budget will reduce. LLDC will complete construction of East Bank, and continue to work with partners to progress major housing schemes across its landholdings.
- 4.12 Following approval of its Outline Business Case by government, OPDC has now exchanged contracts for over 90 per cent of the privately-held land required for its development project. This budget supports the next stage of this project, including progressing the procurement process to secure delivery and investment partner(s) and completing the assembly and organisation of both the public and private land at Old Oak.
- 4.13 As well as ensuring the GLA Group protects and invests in vital public services, the Mayor's budget continues to target resources where they can make the biggest difference to Londoners. This includes investing millions in green projects to continue leading the way in tackling the climate crisis and pollution. For the third year, the Mayor's budget incorporates a Climate Budget, setting out how the GLA Group's spending is linked to the Mayor's commitment to make London net zero by 2030. This year, the scope has been expanded to cover additional measures that cut emissions across London beyond the GLA's own operations.
- 4.14 The Mayor's desire is to ensure that all Londoners – irrespective of race, gender, religion, sexual orientation, disability or class – can get the same shot at reaching their full potential. The Mayor continues to use his budget – and all the levers at his disposal – to provide the helping hand Londoners need to build a fairer, safer and greener London for everyone.

Funding changes since the Mayor's Consultation Budget 2025-26

- 4.15 This Draft Budget takes account of changes to funding assumptions for the GLA Group due to:
- the provisional Police Grant Report (England and Wales) 2025-26 ("Police Settlement"), published on 17 December 2024 by the Home Office
 - the provisional Local Government Finance Settlement for 2025-26 ("LGFS"), published on 18 December 2024 by the Ministry of Housing, Communities and Local Government ("MHCLG")
 - other government announcements
 - changes in the allocation of reserves.

- 4.16 The following table presents a summary of the additional Mayoral funding allocated in this Draft Budget for 2025-26 compared to the Consultation Budget:

Sources of additional Mayoral funding allocated in the Draft Budget for 2025-26	£m
<u>Provisional LGFS</u>	
Estimate of additional business rates funding available for general purposes	95.0
Non-police council tax precept increase of 3% (vs previous 2% assumption)	5.3
Police council tax precept increase of £14 (vs previous 2% assumption)	25.2
Increase in funding from LGFS	125.5
<u>Provisional Police Settlement</u>	
Core Police and other grants	21.3
Employer National Insurance Cost ("NIC") grant	44.8
Increase in funding from Police Settlement	66.1
<u>Other government announcements</u>	
UK Shared Prosperity Fund allocation	(27.0)
Rough Sleeping Accommodation Programme allocation	8.1
Rough Sleeping Prevention and Recovery Grant allocation	10.7
Decrease in funding from other government announcements	(8.2)
<u>Allocation of reserves</u>	
GLA Group: Business rates reserve	55.8
GLA Group: Mayoral Development Corporation reserve	2.3
Change in funding from reserves	58.1
Total increase in funding	241.5

Provisional LGFS

- 4.17 It is assumed at this stage that the GLA's retained business rates income compared to the budgeted 2024-25 baseline will increase by 1.7 per cent, in line with the September 2024 CPI figure. Given the certainty provided by the settlement announcement, it has been determined that a further £95 million of retained business rates income, unallocated in the Budget Guidance for reasons of prudence, can be allocated at this stage of the budget process.
- 4.18 Included within the LGFS were the draft council tax referendum principles, which set the maximum allowable amount that the GLA may increase its basic amounts of council tax without the need for a referendum. For 2025-26, those amounts are:
- up to £4.98 for the unadjusted relevant basic amount of council tax (the non-police element), which is the maximum increase permitted for council taxpayers in the City of London
 - up to £18.98 for the adjusted relevant basic amount of council tax (the total precept including the policing element), which is the maximum increase permitted for council taxpayers in the 32 London boroughs.

- 4.19 Compared with the assumptions in the Consultation Budget, there is a total of £30.5 million additional council tax revenue in this Draft Budget. The Mayor proposes that the additional £5.3 million revenue generated by the non-police element is allocated in its entirety to LFC. The increase in Police element generates an additional £25.2 million in revenue for MOPAC.
- 4.20 The LGFS confirmed £515 million in government support for local authorities and fire and rescue services in England to mitigate the cost of increase in employer NICs announced in the Budget on 30 October. The GLA's allocation from MHCLG will not be published until the final LGFS in February, but is expected to cover costs for the GLA and all functional bodies (except for MOPAC whose grant was awarded through the provisional Police Settlement). The additional expenditure and funding requirements are reflected in the figures throughout this Draft Budget.

Provisional Police Settlement

- 4.21 The provisional Police Settlement awarded a total of £2,755.9 million to MOPAC in Home Office police grants for 2025-26, an increase of £208.4 million compared to the 2024-25 budget. This is an increase of £21.3 million compared with the planning assumption made by MOPAC in its budget submission.
- 4.22 Funding of £44.8 million to compensate for the cost of employer NIC changes is included in the settlement, the costs of which are now reflected in the MOPAC figures in this Draft Budget.

Other government announcements

- 4.23 On 13 December, MHCLG published its UK Shared Prosperity Fund (UKSPF) allocations for 2025-26. The allocation of £42.9 million in revenue funding to GLA is a decrease of £29.7 million compared with the assumption in the GLA's budget submission. The capital funding allocation of £20.1 million is an increase of £2.7 million from the GLA budget submission.
- 4.24 On 18 December, MHCLG published its Rough Sleeping Accommodation Programme allocations and Rough Sleeping Prevention and Recovery Grant allocations for 2025-26. The combined allocation of £20.2 million to the GLA is an increase of £18.8 million compared with GLA's budget submission.

Allocation of reserves

- 4.25 The Business Rates Reserve ("BRR") is used primarily to manage income risk and volatility relating to the GLA Group's business rates and council tax revenues. The balance held in the BRR on 31 March 2024, as reported in the GLA's statutory 2023-24 accounts, was £269.4 million. This balance is £159.1 million higher than assumed in the 2024-25 Budget. The higher balance is largely a consequence of releasing provisions held in the BRR to meet potential prior year adjustments, which following the confirmation of billing authority year-end figures are no longer required.
- 4.26 This has meant additional funds are available for redeployment while keeping BRR around its target balance of £103.6 million. A total of £55.8 million has been allocated from the BRR to fully fund the Universal Free School Meals programme and to provide funding to TfL to support its work on the Oxford Street pedestrianisation transformation programme. Further funds are provisionally allocated to support Universal Free School Meals in later years.

- 4.27 Having reviewed OPDC's additional revenue expenditure proposals, the GLA has agreed to fund £2.3 million of these in 2025-26 (previously shown as 'savings to be identified') from the Mayoral Development Corporation reserve.

Application of additional funding since the Mayor's Consultation Budget 2025-26

- 4.28 The following table details the changes compared to the Consultation Budget.

Application of additional Mayoral funding in the Draft Budget for 2025-26	£m
<u>GLA: Mayor</u>	
Universal Free School Meals	147.5
UK Shared Prosperity Fund (revenue)	(29.7)
UK Shared Prosperity Fund (capital)	2.7
Rough sleeping programmes	18.8
Total GLA: Mayor	139.3
<u>MOPAC</u>	
National Insurance costs	44.8
Reduction in Cross Business Group Savings	46.5
Total MOPAC	91.3
<u>TfL</u>	
Oxford Street pedestrianisation transformation programme	3.3
Total TfL	3.3
<u>LFC</u>	
Reduction in savings to be identified	5.3
Total LFC	5.3
<u>OPDC</u>	
Reduction in savings to be identified	2.3
Total OPDC	2.3
Total funding	241.5

Other changes since the Mayor's Consultation Budget 2025-26

- 4.29 On 14 January 2025, the Mayor approved MD3324 "Change of ownership of E20 Stadium LLP and related matters", transferring ownership of the London Stadium (E20 Stadium LLP and London Stadium 185 Limited) from LLDC to Greater London Authority Holdings Limited, a wholly owned subsidiary of the GLA. Accordingly, the London Stadium budgets (revenue and capital) have been transferred from LLDC to GLA in this Draft Budget.
- 4.30 OPDC's authorised borrowing limit has increased to £225 million, and the operational boundary increased to £215 million. As a result of the higher borrowing and an increase in the assumed interest rate on that borrowing, there is an increase of £1.2 million in interest payable from OPDC to the GLA.

5. Legal advice

This section sets out legal advice on the scope of the Assembly's amendment powers and other relevant issues.

Statutory definitions

- 5.1 “*Component budget*” is defined as statements of—
(a) the amount of the component council tax requirement for each of the seven constituent bodies
(b) the calculations under section 85(4) to (7) of the GLA Act which give rise to that amount for each.
- 5.2 “*Consolidated budget*” is defined as statements of—
(a) the amount of the Authority's consolidated council tax requirement
(b) the amount of the component council tax requirement for each constituent body
(c) the calculations under section 85(4) to (8) of the GLA Act which give rise to each of the amounts mentioned in paragraphs (a) and (b) above.

Statutory calculations

- 5.3 The GLA's Chief Finance Officer (“CFO”) (acting for the Mayor exercising the functions of the GLA) is required to make estimates of the various items required by sections 85(4) [*expenditure*] and 85(5) [*income*] of the GLA Act, producing a component council tax requirement for each of the seven constituent bodies under s 85(6) of the GLA Act. Relevant statutory extracts are set out below:
- 5.4 Expenditure: section 85(5)(4)
The aggregate required by virtue of subsection (4) in the case of a constituent body “is the aggregate of—
(a) *the expenditure the Authority [i.e. GLA] estimates will be incurred by the body in the year in performing its functions and will be charged to a revenue account for the year in accordance with proper practices (but, in the case of the Mayor or the Assembly, see also subsections (10) to (13));*
(b) *such allowance as the Authority [i.e. GLA] estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices;*
(c) *the financial reserves which the Authority [i.e. GLA] estimates it will be appropriate to be raised by or in respect of the body in the year for meeting the body's estimated future expenditure; and*
(d) *such of the financial reserves of, or in respect of, the body as are sufficient to meet so much of the amount estimated by the Authority [i.e. GLA] to be a revenue account deficit of or in respect of the body for any earlier financial year as has not already been provided for.”*
- 5.5 Income: section 85(5)(5)
The aggregate required by virtue of subsection (5) in the case of a constituent body “is the aggregate of—
(a) *the income which the Authority [i.e. GLA] estimates will accrue to or for the body in the year and which will be credited to a revenue account for the year in accordance with proper practices, other than income which the Authority [i.e. GLA] estimates will accrue in respect of any precept issued by it; and*

(b) the amount of the body's financial reserves which the Authority estimates will be used by or in respect of the body in order to provide for the items mentioned in paragraphs (a) and (b) of subsection (4)" [i.e. for expenditure and contingencies].

- 5.6 Under subsection (6) the difference between the aggregate amounts calculated under subsections (5) [*income*] and (4) [*expenditure*], where the former is greater than the latter, is to be the body's component budget council tax requirement for the forthcoming financial year. (Where the position is reversed the body's component budget council tax requirement must be nil.)
- 5.7 In making the calculations of the estimates of the various items required by section 85(4) and (5) the GLA's CFO must do so within the bounds of professional judgement and proper accounting practices and is entitled to have regard to the views of the functional bodies' CFOs as to the robustness of the estimates made for the purposes of the calculations and the adequacy of proposed reserves. The GLA's CFO's judgement as to the appropriate estimate calculations will rely on their own and their confidence in the strength or likelihood of those item's estimates being fulfilled in the relevant financial year.

Duty to prepare and approve budgets

- 5.8 Section 85(2) of the GLA Act states: "In relation to each financial year, the Authority shall make the calculations required by this section." Subsection (3) says that the GLA, "must in relation to each constituent body ... calculate the aggregates required by virtue of subsections (4) and (5) below".
- 5.9 Paragraph 1 of Schedule 6 of the GLA Act imposes a duty on the Mayor and the Assembly, in accordance with that Schedule, to prepare and approve for each financial year:
- (a) a budget for each of the constituent bodies as such (a "component budget")
 - (b) a consolidated budget for the Authority (a "consolidated budget").

Draft budget stage

- 5.10 Under paragraph 3(1) the Mayor "shall prepare a draft of his proposed consolidated budget for the financial year (the "draft consolidated budget") and then must present it to a public meeting of the Assembly, and publish it. Paragraph 3(4) states "It shall be the duty of the Mayor to comply with paragraph 2 and sub-paragraphs (1) to (3) above on or before 1st February¹ in the financial year preceding that to which the draft consolidated budget relates."
- 5.11 Under paragraph 5(3) *"the Assembly must approve the draft consolidated budget, together with the draft component budgets comprised in it, with or without amendment."* Amendments at this stage may be made by a simple majority of the members of the Assembly present and voting. Under sub-paragraph 5(5) *"If no amendments are made on consideration of the draft consolidated budget (whether to that budget or to any of the draft component budgets comprised in it) the draft consolidated budget shall be deemed to be approved without amendment."*

¹ This date can be changed by statutory instrument. It was changed to 15th February for the 2024-25 financial year by the Greater London Authority (Consolidated Council Tax Requirement Procedure) Regulations 2023/ 1298 and applied to the financial year beginning on 1st April 2024 only. Unless changed, the date is 1st February in the financial year preceding that to which the draft consolidated budget relates.

Final draft budget stage

- 5.12 Under paragraph 6(1) of Schedule 6 the Mayor shall *“prepare a final draft of his proposed consolidated budget for the financial year (the “final draft budget”)”* after the draft consolidated budget has been approved (with or without amendment). Under sub-paragraphs 6(4) and (6) it is *“the duty of the Mayor to present the final draft budget to the Assembly before the last day of February in the financial year preceding that to which the final draft budget relates”*, having regard to the Assembly’s own duty under paragraph 8(7) *“To approve the final draft budget with or without amendment before the last day of February”*. Under paragraph 8(3) *“after considering the final draft budget, the Assembly must approve it with or without amendment.”*, subject to the limits on amending its own component budget (as set out later in this section). Under sub-paragraphs (4) and (5) *“the only amendments which are to be made are those agreed to by at least two-thirds of the Assembly members voting”* and *“If no amendments are made on consideration of the final draft budget, the final draft budget shall be deemed to be approved without amendment”*. Under paragraph 8(6) *“The final draft budget as approved by the Assembly with or without amendment shall be the Authority’s consolidated budget for the financial year.”*

What is the Assembly’s power of amendment?

- 5.13 The Assembly’s power to amend the Draft and Final Draft Budget (i.e. to make a budget amendment) is limited to making changes to the figures required to be calculated under section 85 (4) to (8) of the GLA Act (“the statutory calculations”) in respect of each of the seven constituent bodies’ component budget, which in turn produce the component council tax requirements and the GLA’s resulting consolidated budget and consolidated council tax requirement. This is because the GLA Act defines the component budgets and their resulting council tax requirement solely in terms of the statutory calculations, which are then aggregated to become the GLA’s consolidated budget and consolidated council tax requirement (i.e. the GLA Group precept).
- 5.14 At the Draft Budget meeting the Assembly may successfully amend the statutory calculations for any constituent body in the Draft Budget by a simple majority of Assembly members present and voting, i.e. ignoring abstentions and absentees; at the final budget meeting the Assembly may only do so by a two-thirds majority of Assembly members present and voting in favour of the budget amendment. Amendments to the Draft Budget are not binding on the Mayor who may choose not to carry them through to the final budget, in which case a statement giving reasons must be laid before the Assembly with that budget.
- 5.15 In the event that at the Final Draft Budget stage any successful amendment to that budget would give rise to an increase in the GLA’s consolidated council tax requirement that is excessive (determined by reference to the adjusted and/or unadjusted relevant basic amount of council tax) under the approved council tax referendum principles for the corresponding financial year, then the Assembly must also approve substitute budget calculations that do not give rise to an excessive increase in council tax (as defined). While the Assembly has the power to amend the statutory calculations and state its reasons for doing so, only changes to the component and consolidated council tax requirements are binding on the Mayor, who does not have to change individual expenditure decisions in accordance with what may be proposed by the Assembly.

Assembly's own component budget

- 5.16 The Assembly's right of amendment in respect of its own budget is limited. Any increase in the component council tax requirement for the Assembly cannot be more in percentage terms than any increase for the Mayor, which in any event is subject to the rules on excessiveness and council tax referendums; where the GLA: Mayor's component council tax requirement has reduced, the GLA: Assembly's component council tax can be amended upwards provided that the consequential reduction in percentage terms compared to the previous year is not lower than that for the Mayor's requirement (Schedule 6, paragraphs 5A and 8A).

Amendments to the retained business rates allocation

- 5.17 The Assembly cannot amend the retained business rate allocation put forward by the Mayor in the Draft or Final Draft Budget, although the Assembly could legally approve an amendment to that budget predicated on a different allocation figure, thereby changing the component and consolidated council tax requirement figures. Any business rates retention allocation figure approved by the Assembly as part of that process is not binding on the Mayor and only has the status of a proposal. This is because it does not fall within the definition of the consolidated budget that the Assembly has the power to amend i.e. it falls below or underneath the level of the statutory calculations required by section 85 (4) to (8) that comprise the legal definition of a component budget under the GLA Act.

Amendment of underlying budget lines

- 5.18 In the same way the Assembly cannot amend budget lines that exist underneath or below the statutory calculations required by section 85 (4) to (8), i.e. it cannot amend the figures that give rise to those statutory calculations. The Assembly can only amend the statutory calculations themselves. This is because a component budget is defined solely in terms of those calculations because they produce the component budget and in turn the component council tax requirement.

Enforceability of successful budget amendments to the Draft Budget

- 5.19 Amendments to one or more of the statutory calculations in the Draft Budget passed by a simple majority of those present and voting will amend that budget. However, these amendments are not binding on the Mayor as the Final Draft Budget may be different. If that is the case the Mayor must present a statement with the Final Draft Budget that shows and explains the changes.

Mayor's failure to present a draft consolidated budget

- 5.20 The Mayor is required to prepare and present a draft consolidated budget to a public meeting of the Assembly on or before the 1 February (paragraph 3(4), Schedule 6) or such other date as has been substituted by statutory instrument. If the Mayor fails to do so then the Assembly must proceed to prepare a draft component budget for each functional body, after consultation with that body, and prepare a draft component budget for the Mayor and for the Assembly, and prepare a draft consolidated budget (paragraph 4, Schedule 6). If, at a public meeting of the Assembly, that draft consolidated budget is approved by the Assembly then that draft, as so approved, shall be the Authority's GLA's consolidated budget for the financial year to which it relates and the remaining budget approval process under Schedule 6 ends at that point (paragraph 4(2), Schedule 6). In the event that the Assembly-approved budget does not comply with the approved council tax

referendum principles for that financial year, the Assembly must also prepare and approve substitute (component and consolidated) budgets and council tax requirements which would be subject to a referendum.

Mayor's failure to present a Final Draft Budget

- 5.21 If the Mayor, having presented a Draft Budget, fails to present a Final Draft Budget before the end of February, the Assembly must meet and agree by a simple majority of members present and voting the component council tax requirements of each of the constituent bodies, and the resulting consolidated budget and consolidated council tax requirement that budget's financial year are deemed to have been agreed accordingly (Schedule 6, paragraph 7). This should not apply as the Mayor proposes presenting the Final Draft Budget to the Assembly on 25 February 2025. The same requirements apply, as described above, in relation to the preparation and approval of a substitute budget if the Assembly-approved budget does not comply with the approved council tax referendums principles, and the budget would be subject to referendum.

Enforceability of successful budget amendments to the Final Draft Budget

- 5.22 Amendments to one or more of the statutory calculations in the Final Draft Budget, tabled as Formal Budget Amendments, that are passed by at least a two-thirds majority of Assembly members present and voting, will formally amend that budget. As noted above, only the formally approved amendments to the statutory calculations that give rise to the component and (resulting) consolidated council tax requirements are binding on the Mayor.

Assembly failure to approve final draft budget by end of February

- 5.23 Subject to the issue of excessiveness under approved council tax referendum principles, the final draft budget approved by the Assembly (with or without amendment) is the GLA's consolidated budget for the financial year (paragraph 8(6), Schedule 6, paragraph 8(6)). If the Assembly fails to approve the budget before the last day of February, the final draft budget presented to the Assembly will be the GLA's consolidated budget for the year (Schedule 6, paragraph 9).

6. Financial advice

- 6.1 Financial issues are integral to the Mayor's Draft Budget document included as Part 2 of this report.
- 6.2 The Local Government Act 2003 places a duty on the GLA's statutory CFO, to report on the robustness of the estimates made for the purposes of the budget's statutory calculations and the adequacy of the proposed financial reserves.
- 6.3 The GLA's CFO relies on individual advice from the CFOs of each of the functional bodies in discharging her responsibilities, and judges the estimates and proposed financial reserves to be robust and adequate. CFO statements on reserves are contained within the GLA and each functional body's reserves appendices in Part 2, as well as their individual published budget submissions.
- 6.4 The GLA's CFO notes that the 2025-26 budget is balanced, taking into account the commitment to identify further savings by LFC and OPDC.
- 6.5 The estimates have been put together by, or with the involvement of, qualified finance staff in the GLA and its functional bodies and have been subject to approval and scrutiny processes. The estimates represent the best available information held within the GLA about budget pressures and the resources available to meet them, while recognising that there remains some uncertainty around actual council tax and business rates income for both 2024-25 and 2025-26.
- 6.6 There are processes within the GLA and its functional bodies for proper consideration to be given before expenditure is approved. Budget discipline is supported by regular budget monitoring and a controlled system for internal budget transfers ("budget virement") that maximises resource utilisation and allows emerging needs to be taken into account.
- 6.7 The GLA Group has faced considerable financial pressures in recent years. The most significant challenges and risks are outlined in Part 2.
- 6.8 Across the GLA Group, financial risks are mitigated by insurance arrangements across the GLA Group and by the existence of appropriate reserves. Risks associated with major contracts have been recognised and programmes to manage these risks introduced.
- 6.9 The GLA Group takes a prudent approach to the achievability of income and recovery of debts due, making appropriate provision for bad debts, and full provision for realistic estimates of future settlements of known liabilities. The level of external borrowing by authorities is considered affordable having regard to these factors.
- 6.10 Overall, on the basis of the information that has been provided to explain the Mayor's 2025-26 budget proposals, the estimates and budgetary provisions set out in the Budget documents represent reasonable and necessary financial provisions based on the information available to him at this stage, consistent with the powers and service obligations of the GLA and its functional bodies, and which are the outcome of a robust budget development process.

Draft consolidated council tax requirement

- 6.11 The Mayor is required to determine consolidated and component council tax requirements for 2025-26 and it is these that the Assembly has the power to amend. The individual Mayor, Assembly and functional body council tax requirements are aggregated to form the consolidated council tax requirement for the GLA Group. This requirement forms the GLA Group precept which is part of the council tax bill for households across Greater London collected by the 33 billing authorities (the 32 London boroughs and City of London Corporation).
- 6.12 In considering the Mayor's Budget proposals and any amendments they wish to make at this stage, Assembly Members must also consider the need to secure a financially balanced budget and achieve a balance between the statutory and discretionary responsibilities for the provision of services and the burden upon those required to finance the net cost.

Can the Assembly amend the council tax requirement for the Assembly?

- 6.13 The Mayor is proposing an adjusted Mayoral council tax requirement in 2025-26 which is £0.683 million or 1.0 per cent higher than in 2024-25.
- 6.14 The council tax requirement which would result from an equivalent percentage increase compared to the Assembly's 2024-25 allocation is £2.783 million.
- 6.15 The Mayor's proposed council tax requirement for the Assembly is £2.783 million which is identical to the allocation in his Draft Budget. This reflects the fact that the proposed council tax requirements applied for actual expenditure within the GLA: Mayor and GLA: Assembly component budgets have both been increased by 1.0 per cent in line with the corresponding assumed uplift in the London wide council tax base.
- 6.16 Using the GLA Act's methodology and applying it to the final draft council tax requirement figures, the Assembly could not further increase their own component council tax requirement as the Mayor has already proposed a figure which is identical to the maximum level resulting from calculations made under the rules set out above.
- 6.17 The GLA Act uses the terms OM and NM in defining how this works in practice i.e. 'Old' Mayor and 'New' Mayor:
- 'Old' Mayor will be the notional council tax requirement for the Mayor for 2024-25;
 - 'New' Mayor will be the Mayor's proposed council tax requirement for the Mayor for 2025-26 after any adjustments made;
 - the percentage change in the Mayor's council tax requirement from 2024-25 is calculated using these amounts.

6.18 This is explained in the tables below:

GLA Mayor: Calculation of NM and OM	£
Proposed council tax requirement for the Mayor for 2025-26	68,992,760
NM (Mayor's adjusted council tax requirement for 2025-26)	68,992,760
Deduct: OM (notional Mayor's council tax requirement for 2024-25)	68,309,664
OM (notional Mayor's council tax requirement for 2024-25)	68,309,664
Amount NM is higher than OM council tax requirement	683,097
Percentage increase	1.00%

GLA: Assembly: adjusted previous component Council Tax Requirement	£
Notional component Council Tax requirement for the Assembly for 2024-25	2,755,188
Add: 1.00 per cent change in NM compared with OM	27,552
Adjusted previous component Council Tax requirement	2,782,740

Statutory deadlines

- 6.19 The statutory deadline for the Mayor to approve the Final Capital Spending Plan for 2025-26 and notify the Secretary of State for Housing, Communities and Local Government is 27 February 2025.
- 6.20 The statutory deadline for major precepting authorities (including the GLA) to notify their billing authorities of their final Band D precept and council tax requirement(s) for 2025-26 is 28 February 2025.
- 6.21 The statutory deadline for the Mayor to approve the Authorised Limit for external debt (borrowing) for the GLA and functional bodies, alongside the Prudential Indicators and Capital Financing Requirements required by statute is 31 March 2025.

List of appendices to this report:

Part 2 – Draft Consolidated Budget 2025-26

Local Government (Access to Information) Act 1985

List of Background Papers:

[Mayor's Budget Guidance 2025-26](#)

[Mayor's Consultation Budget 2025-26](#)

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