

# Mayor's Final Draft Consolidated Budget 2025-26 Report

## PART 1

### 1. Summary

- 1.1 This report presents the Mayor's Final Draft Consolidated Budget ("Final 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 25 February 2025. These are presented in Part 2 of this report.
- 1.2 The Final 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 Final Draft Budget. Section 3 summarises the GLA Group budget process.
- 1.4 Building on the proposals set out in the Mayor's Draft Consolidated Budget for 2025-26 ("Draft Budget") published in January, this Final Draft Budget provides a comprehensive package of support to continue building a fairer, safer and greener London for everyone. These proposals are summarised in section 4, which also provides a full list of changes compared to the Draft Budget. The main change since the Draft Budget is additional funding totalling £104.4 million, allocated to the GLA and functional bodies as set out in section 4.
- 1.5 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 Final 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 £1,581,882,069.39 (as detailed in Appendix J of Part 2)**

- 2.2 Following the London Assembly Plenary on 23 January 2025, where no amendments to the Mayor’s draft consolidated budget proposals were passed, this Final Draft Budget confirms the Mayor’s 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 final draft consolidated council tax requirement is composed of the following:

<b>Constituent body</b>	<b>Council tax requirement</b>
Greater London Authority: Mayor of London (GLA: Mayor)	£69,715,822.81
Greater London Authority: London Assembly (Assembly)	£2,811,903.84
Mayor’s Office for Policing and Crime (MOPAC)	£1,028,389,503.07
Transport for London (TfL)	£249,160,536.86
London Fire Commissioner (LFC)	£231,804,302.81
London Legacy Development Corporation (LLDC)	£0.00
Old Oak and Park Royal Development Corporation (OPDC)	£0.00
<b>Total Consolidated Council Tax Requirement</b>	<b>£1,581,882,069.39</b>

### 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 considered the outcomes and recommendations from the consultation process, and published his Draft Budget, including Draft Capital Spending Plan, on 15 January 2025 for consideration by the London Assembly on 23 January.
- 3.5 The London Assembly's Budget and Performance Committee responded to the Consultation Budget after the publication of the Draft Budget, in a series of letters to the Mayor in January and February 2025. The Mayor has considered the Committee's recommendations in producing this Final 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 by 27 February. Major precepting authorities (including the GLA) need to notify their billing authorities of their final Band D precept and council tax requirement(s) for 2025-26 by 28 February. Based upon these, each GLA Group component body will produce and approve its own final budget by 31 March 2025.

## **4. Final 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 £1.5 billion for capital spend on housing in 2025-26 to support the continued delivery of housing for Londoners.
- 4.3 The Mayor has more than 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 the Metropolitan Police Service (MPS / "the Met") 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 £231.2 million of additional funding in the 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. This Final Draft Budget also includes an increase in the Neighbourhood Policing Grant from £22.8m to £45.6m announced as part of the final grant settlement.
- 4.5 In addition to the grants awarded through the Police Settlement, and following further representations by the Mayor and Commissioner, the Home Office has awarded MOPAC a one-off grant of £50 million, to be received in 2024-25. MOPAC funding is further supplemented by an additional £10.4 million in council tax revenue that has been allocated to MOPAC by the Mayor since the Draft Budget.

- 4.6 These additional funds are reflected in this budget, but there was insufficient time before it was finalised to confirm the specific purpose the additional funds would be put to. Final decisions on how to use the extra investment, which is expected to fund hundreds of additional officers, will be considered by MOPAC and the Met, with plans announced in the final MOPAC budget published in March. MOPAC will publish a separate document summarising the MPS proposals (before additional funding) on which this Final Draft Budget is based.
- 4.7 Working with the Met Commissioner, the Mayor has overseen the delivery of a package of measures, including through the provision of record funding, to support the Met to exit the Engage process as quickly as possible and to accelerate the root and branch reforms and systemic change to the Met's performance and culture. Enabled by this record funding, the resulting progress is shown by the decision in January of His Majesty's Inspectorate of Constabulary and Fire and Rescue Services' (HMICFRS) that the Met could exit the Engage process. The Mayor continues to work with the Commissioner to deliver the reform needed, with £104.8 million included in this budget to continue to deliver New Met for London.
- 4.8 The Mayor is also focused on being tough on the complex causes of crime. 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.
- 4.9 HMICFRS recently found that the London Fire Brigade (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 further funding in this 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.
- 4.10 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.
- 4.11 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.
- 4.12 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.
- 4.13 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.

- 4.14 LLDC evolves 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 ownership of GLA Holdings Limited (as set out in MD3324) and the corporation's revenue budget will reduce. LLDC will complete the construction of East Bank and continue to work with partners to progress major housing schemes across its landholdings and develop an inclusive economy on the Park.
- 4.15 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.
- 4.16 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.
- 4.17 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.

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

- 4.18 No amendments to the Draft Budget were passed in the Assembly Plenary held on 23 January 2025 and therefore no statement is required.

**Funding changes since the Mayor's Draft Budget 2025-26**

- 4.19 This Final Draft Budget takes account of changes to funding assumptions for the GLA Group due to:
- statutory council tax and business rates estimates the London billing authorities were required to submit at the end of January 2025
  - the final [Police grant report \(England and Wales\): 2025 to 2026](#) ("Police Settlement"), published on 30 January 2025 by the Home Office
  - the final [Local Government Finance Settlement for 2025-26](#) ("LGFS"), published on 3 February 2025 by the Ministry of Housing, Communities and Local Government ("MHCLG")
  - changes in the allocation of reserves.
- 4.20 The following table presents a summary of the additional Mayoral funding allocated in this Final Draft Budget for 2025-26 compared to the Draft Budget:

<b>Sources of additional funding allocated in the Final Draft Budget for 2025-26</b>	<b>£m</b>
<u>Council tax returns:</u>	
Council taxbase increase of 2.1% (vs previous 1.0% assumption)	16.1
Council tax collection fund deficit for 2024-25	(2.3)
<b>Increase in funding from council tax returns</b>	<b>13.8</b>
<u>Business rates returns:</u>	
Business rates estimated income increase for 2025-26	17.0
Business rates collection fund surplus	21.8
<b>Increase in funding from business rates returns</b>	<b>38.8</b>
<u>Final Police Settlement:</u>	
Neighbourhood Policing grant	22.8
<b>Increase in funding from final Police Settlement</b>	<b>22.8</b>
<u>Final LGFS:</u>	
Business rates levy account surplus distribution	4.4
Employer National Insurance Contribution (ENIC) grant shortfall	(25.5)
<b>Increase in funding from final LGFS</b>	<b>(21.1)</b>
<u>Allocation of reserves:</u>	
GLA: Assembly reserve	0.1
MOPAC earmarked reserves	50.0
<b>Change in funding from reserves</b>	<b>50.1</b>
<b>Total increase in funding</b>	<b>104.4</b>

#### Council tax returns

##### *Change in council taxbase*

- 4.21 The GLA is required to use billing authority taxbase estimates to determine the Group's statutory council tax calculations and the budgeted council tax requirements for the GLA and each functional body. Billing authorities submitted their council taxbases to the GLA at the end of January 2025. In aggregate, these returns show a forecast increase to the council taxbase of 2.1 per cent in 2025-26 compared to 2024-25.
- 4.22 The Draft Budget assumed that there would be a 1.0 per cent increase in the London-wide council taxbase in 2025-26. This higher increase in part reflects the impact of changes made to council tax support schemes in around half of boroughs and the uplift arising from the introduction of the new 100 per cent premium on second homes from April 2025.
- 4.23 As a result of the higher taxbase there is an additional £16.1 million available funding. The Mayor proposes that the additional £5.7 million revenue generated by the non-police element is allocated in its entirety to LFC. The increase in the police element generates an additional £10.4 million in revenue for MOPAC.
- 4.24 In order to maintain the council tax Band D precept for each functional body at the rates proposed in the Draft Budget, business rate control totals have been adjusted.

#### *Council tax collection fund surplus*

- 4.25 Billing authorities also provided figures for the GLA's share of the estimated surplus or deficit on their council tax collection fund for 2024-25 and prior years. The GLA's share of billing authorities' estimated net council tax collection fund deficit is £2.3 million, the cost for which will be funded from the surplus in business rates income outlined below.

#### Business rates returns

- 4.26 Billing authorities reported their forecast business rates income for 2025-26, along with their estimated outturn for 2024-25, through their statutory returns, due at the end of January. Based on the GLA's analysis of these returns, the available funding for allocation in respect of 2025-26 income is £17.0 million higher than previously anticipated.
- 4.27 In aggregate, the billing authority returns reported an estimated collection fund surplus for 2024-25 and prior years, payable to the GLA in 2025-26, enabling an additional £21.8 million to be allocated.
- 4.28 At the time of finalising this publication one billing authority return remains outstanding and therefore a prudent estimate of their position has been used, based on the aggregate movement across all other billing authorities. Any discrepancy between this estimate or information in the returns received, and the final outturn will be reconciled by movements in the year end accounts and Group business rates reserve.

#### Final Police Settlement

- 4.29 The final Police Settlement confirms a Neighbourhood Policing grant total of £45.6 million for 2025-26. This is an additional £22.8 million for MOPAC compared to the provisional Police Settlement and Draft Budget. There remains some uncertainty regarding how this grant will operate and whether its terms and conditions allow the MPS to meet the eligibility criteria to claim it in full in 2025-26. This presents an income risk of up to £22.8m which MOPAC continue to discuss with the Home Office, with a view to obtaining their agreement on the MPS' ability to claim its full allocation.

#### Final Local Government Finance Settlement (LGFS)

##### *Business Rates Levy Account*

- 4.30 The final LGFS confirmed an additional £61 million would be credited to the national Business Rates Levy Account in respect of 2024-25. As a result, a total of £100 million will be distributed to local authorities on a one-off basis, of which the GLA has been allocated £4.4 million.

##### *Employers' National Insurance Contributions (ENIC) Grant*

- 4.31 The final LGFS confirmed government support for local authorities to mitigate the impact of the increase in ENIC announced in the Budget on 30 October (excluding MOPAC/MPS, whose grant was awarded via the Police Settlement). The GLA Group's allocation of £18.8 million is £25.5 million lower than the assumed grant allocation in the Draft Budget, which was based on the forecasts of the additional direct costs that will be incurred across the GLA Group.

- 4.32 The increase in ENIC costs for GLA: Mayor, GLA: Assembly, LLDC and OPDC are fully funded by the ENIC Grant. LFC's £4.4 million share of the grant is a shortfall of £2.5 million; the Mayor has provided an equivalent amount from the increase in business rates income to fully fund the costs for LFC. TfL's £12.1 million share of the grant represents a shortfall of £23.0 million compared to the costs they will incur. Should no further funding be secured, this will have to be absorbed within TfL's existing budget. Details on how this will be achieved will be provided in the final TfL Budget published in March.

#### Allocation of reserves

- 4.33 The London Assembly has requested two additional posts in its Committee Services team. The budget has been updated to confirm that, as intended, this will be funded from the GLA: Assembly reserve.
- 4.34 The Home Office award to MOPAC of a one-off grant of £50.0 million in 2024-25 increases MOPAC's reserves closing balance for that year. The funding is shown as available to spend in 2025-26 and the allocation of funds will be included in the final MOPAC budget published in March.

### **Application of additional funding since the Mayor's Draft Budget 2025-26**

- 4.35 The following table details the changes compared to the Draft Budget.

<b>Application of additional funding in the Final Draft Budget for 2025-26</b>	<b>£m</b>
<u>GLA: Mayor</u>	
Election reserve increase	12.5
<u>GLA: Mayor Group items</u>	
Mayoral Development Corporation reserve increase	18.9
<b>Total GLA: Mayor</b>	<b>31.4</b>
<u>GLA: Assembly</u>	
Committee services staffing	0.1
<b>Total GLA: Assembly</b>	<b>0.1</b>
<u>MOPAC</u>	
Funding yet to be allocated	83.2
<b>Total MOPAC</b>	<b>83.2</b>
<u>TfL</u>	
Reduction in resources to be allocated	(23.0)
<b>Total TfL</b>	<b>(23.0)</b>
<u>LFC</u>	
Reduction in savings to be identified	12.7
<b>Total LFC</b>	<b>12.7</b>
<b>Total funding</b>	<b>104.4</b>

- 4.36 Following changes to the electoral system for the Mayoral election, the costs of local counting in the 2024 elections (met by local authorities and subsequently reclaimed from the GLA) have been greater than anticipated. The total cost of the 2024 GLA elections may be up to £10 million greater than budgeted.



- 4.37 This budget therefore makes this funding available to the Greater London Returning Officer (GLRO), and increases the annual contribution to the election reserve by £2.5 million, in order to accrue an additional £10 million for the 2028 elections. This will be kept under review as the GLRO develops her budget for those elections.
- 4.38 In recognition of financial risks facing LLDC, including with regard to its capital programme and potential legal and tax costs, it has been judged prudent to set aside £18.9 million in the Mayoral Development Corporation reserve, available for transfer to LLDC in 2025-26 as required.
- 4.39 The Mayor has allocated £12.7 million in additional recurring council tax and business rates funding to LFC to balance its budget for 2025-26. Other allocations are as set out in the funding changes section of this report, above.

### **Other changes since the Mayor's Draft Budget 2025-26**

- 4.40 MOPAC/MPS have reviewed their Cross Business Group Savings decisions and updated their budget tables accordingly. MOPAC will separately publish an explanatory note on the impact of the budget on workforce levels, and any service changes required as a result of these, on 17 February ("MOPAC Budget 2025-26: update on Metropolitan Police Service 'tough choices'"). This work does not yet take account of the additional funding made available in this budget.
- 4.41 OPDC's proposed increase in borrowing was approved by the GLA in January 2025, and consequently there is an increase in the GLA: Mayor Group Items gross capital expenditure of £95.9 million to reflect this. The increase in spend was included in OPDC's draft capital spending plan published in the Mayor's Draft Budget in January. This intra-group transfer has a net £Nil impact on the Adjusted Gross Budget for the GLA Group.
- 4.42 The Mayor has doubled support for London's 33 billing authorities via his council tax and business rates income maximisation fund. The increase of £5.5 million in 2025-26 is expected to be self-financing in the medium-term, as the additional revenues raised for the GLA and boroughs who deliver these projects, should exceed the combined contributions towards the associated projects.
- 4.43 Use of reserves and outturn comparatives for the GLA and its functional bodies have been amended following review of their budget allocations.
- 4.44 Tables showing service expenditure excluding specific grants have been included in the relevant appendices for GLA, MOPAC and LFC.

## **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").
- 5.10 The requirements at the draft consolidated budget stage were set out in the papers for that stage, which are available and were published on 15 January 2025.

#### Final draft budget stage

- 5.11 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?

- 5.12 The Assembly's power to amend the 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).

- 5.13 At the Final Draft Budget meeting the Assembly may successfully amend the statutory calculations for any constituent body in the Final Draft Budget by a two-thirds majority of Assembly members present and voting in favour of the budget amendment, i.e. ignoring abstentions and absentees.
- 5.14 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

- 5.15 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

- 5.16 The Assembly cannot amend the retained business rates allocation put forward by the Mayor in the 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

- 5.17 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.

#### Mayor's failure to present a Final Draft Budget

- 5.18 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 does not apply as the Mayor presents the Final Draft Budget to the Assembly in this report on 17 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

- 5.19 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

- 5.20 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 (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 Final 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 CFO 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 In considering the robustness of the reserves position the overall context for setting the budget needs to be considered. The reserve levels are lower than the historic position and the financial risk context remains uncertain. The OBR forecasts Real GDP growth to be 1.1 per cent in 2024, 2.0 per cent in 2025, and 1.8 per cent in 2026, before falling back to around 1.5 per cent thereafter. The overall macro-economic conditions are impacting on the housing and regeneration schemes of LLDC, GLAP, OPDC and other entities in the Group. Future funding changes bring uncertainty in general, as well as the specific risk regarding the impact of the business rates reset. There are constraints on government funding availability in the wider economic context. The levels of business rates and council tax above the GLA existing budget assumptions are stable, but not significantly growing. There are commitments set against the existing reserves to cover risk and Mayoral commitments.
- 6.5 The functional bodies are required to set balanced budgets as separate entities and this has been achieved. However, as part of the GLA Group their financial positions are a relevant consideration. There remain significant cost pressures across the MPS, LFC and TfL with challenging savings targets to be met. The Functional Bodies' reserves and levels of contingencies are limited. Over the coming year, close monitoring of the challenging savings targets will be critical.
- 6.6 In this context the existing level of reserves are adequate but need to be protected as far as possible given the uncertainty and risk context; this is reflected in the decisions taken in this budget.
- 6.7 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.
- 6.8 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.
- 6.9 The GLA Group has faced considerable financial pressures in recent years. The most significant challenges and risks are outlined in Part 2.
- 6.10 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.
- 6.11 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.
- 6.12 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.

### Consolidated council tax requirement

- 6.13 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).
- 6.14 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?

- 6.15 The Mayor is proposing an adjusted Mayoral council tax requirement in 2025-26 which is £1.406 million or 2.06 per cent higher than in 2024-25.
- 6.16 The council tax requirement which would result from an equivalent percentage increase compared to the Assembly's 2024-25 allocation is £2.812 million.
- 6.17 The Mayor's proposed council tax requirement for the Assembly is £2.812 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 2.06 per cent in line with the corresponding assumed uplift in the London wide council taxbase.
- 6.18 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.
- 6.19 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.

6.20 This is explained in the tables below:

<b>GLA Mayor: Calculation of NM and OM</b>	<b>£</b>
Proposed council tax requirement for the Mayor for 2025-26	69,715,823
<b>NM</b> (Mayor's adjusted council tax requirement for 2025-26)	69,715,823
<b>Deduct:</b> OM (notional Mayor's council tax requirement for 2024-25)	68,309,664
<b>OM</b> (notional Mayor's council tax requirement for 2024-25)	68,309,664
<b>Amount NM is higher than OM council tax requirement</b>	1,406,159
<b>Percentage increase</b>	<b>2.06%</b>

<b>GLA: Assembly: adjusted previous component Council Tax Requirement</b>	<b>£</b>
Notional component Council Tax requirement for the Assembly for 2024-25	2,755,188
<b>Add:</b> 2.06 per cent change in NM compared with OM	56,716
<b>Adjusted previous component Council Tax requirement</b>	<b>2,811,904</b>

#### Statutory deadlines

- 6.21 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.
- 6.22 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.
- 6.23 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.

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## **List of appendices to this report:**

Part 2 – Final 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](#)

[Mayor's Draft Consolidated Budget 2025-26 - Part 1](#)

[Mayor's Draft Consolidated Budget 2025-26 - Part 2](#)

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