

Mayor's Draft Consolidated Budget 2026-27 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 (collectively the "GLA Group bodies") for the financial year 2026-27, for consideration by the London Assembly on 29 January 2026. These are presented in Part 2 of this report.
- 1.2 The Draft Budget provides details on the revenue and climate budget proposals for the GLA Group 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 Group bodies. It provides an assessment of the GLA Group's savings and 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 2026-27](#) ("Consultation Budget") published in December, this Draft Budget provides a comprehensive package of support to continue building a fairer, safer, greener and more prosperous London for everyone. These proposals are summarised in section 4, which also provides a full list of changes compared to the Consultation Budget.
- 1.5 Equality, legal and financial comments are provided in sections 5, 6 and 7 respectively.
- 1.6 In preparing his Draft Budget, the Mayor has considered the responses received during the public consultation. A summary of responses to the consultation is provided separately to the Assembly.

2. Recommendation

2.1 That the Assembly approves, without amendment:

- the Mayor's Draft Budget for 2026-27
- the component council tax requirement for each GLA Group constituent body
- the consolidated council tax requirement for the GLA Group of £1,664,914,578.10 (as detailed in Appendix J of Part 2)

2.2 The consolidated council tax requirement reflects a proposed increase in the policing element of Band D council tax precept of £15.00. This means the police element of the precept will increase from £319.13 in 2025-26 to £334.13 in 2026-27 for a Band D property. The council tax charge for non-police services is proposed to increase by £5.13, from £171.25 in 2025-26 to £176.38 in 2026-27 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 4.1 per cent from £490.38 in 2025-26 to £510.51 in 2026-27. 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 £171.25 to £176.38.

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)	£70,482,696.92
Greater London Authority: London Assembly (Assembly)	£2,842,834.79
Mayor's Office for Policing and Crime (MOPAC)	£1,088,570,670.70
Transport for London (TfL)	£251,901,302.99
London Fire Commissioner (LFC)	£251,117,072.70
London Legacy Development Corporation (LLDC)	£0.00
Old Oak and Park Royal Development Corporation (OPDC)	£0.00
Oxford Street Development Corporation (OSDC)	£0.00
Total Consolidated Council Tax Requirement	£1,664,914,578.10

3. Process

- 3.1 In July 2025, the Mayor issued his [Budget Guidance for 2026-27](#) (“Budget Guidance”) requiring the GLA Group bodies (with the exception of OSDC) to make a full and final public budget submission to the Mayor by 21 November 2025.
- 3.2 OSDC was established on 1 January 2026 by way of the [Oxford Street Development Corporation \(Establishment\) Order 2025](#) in accordance with [section 198 of the Localism Act 2011](#), making OSDC a functional body of the GLA. OSDC made a budget submission following its first board meeting on 7 January 2026.
- 3.3 The budget submissions of the GLA Group bodies (excluding OSDC) were consolidated in the [Mayor’s Consultation Budget 2026-27](#) published on 3 December 2025, which included the proposed draft Capital Spending Plan. The OSDC budget submission was published on 14 January 2026.
- 3.4 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.
- 3.5 The Mayor has considered the outcomes and recommendations from the consultation process, and now presents his Draft Consolidated Budget 2026-27 including Draft Capital Spending Plan for consideration by the London Assembly on 29 January. Responses from the Assembly received after the consultation period ended on 4 January will be considered for the Mayor’s Final Draft Budget in February 2026.
- 3.6 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 published and approved by Parliament in early February. These events will confirm the funding available to the Mayor in 2026-27 and will be reflected in the Mayor’s Final Draft Budget to be published on 18 February, along with any changes in response to any feedback from the London Assembly’s Budget & Performance Committee which had not been received in time for inclusion in this Draft Budget.
- 3.7 Following the London Assembly approval of council tax precepts on 26 February 2026, the Mayor will be asked to confirm the Final Budget and Capital Spending Plan. Based upon these, each GLA Group body will then produce and approve its own final budget by the end of March 2026.

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, greener and more prosperous London for everyone. 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. In addition, following a change in government policy expanding the scope of their funding for free school meals, mean that the Mayor's Universal Free School Meals programme can now be funded from within the GLA: Mayor budget on an on-going basis.
- 4.2 The Mayor has more than doubled investment in policing from City Hall to help tackle crime, including recurring funding for 1,300 additional police officers. While the Mayor provides MOPAC and the Metropolitan Police Service (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 from 2010 to 2024, and the additional pressures of policing the capital, MPS has been left in a challenging financial position despite the Mayor's record investment.
- 4.3 The Mayor is also focused on being tough on the complex causes of crime and supporting the second phase of the Commissioner's New Met for London reform plan. Since 2016, the Mayor has funded hundreds of thousands of positive opportunities to help to 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 and support tackling volume crimes, such as mobile phone theft.
- 4.4 The London Fire Brigade (LFB) is rated as outstanding in how it responds to major and multi-agency incidents and now responds to emergencies quickly and effectively, a positive transformation that has been aided by significant investment from City Hall over recent years. Through his Draft Budget, the Mayor continues to support the London Fire Commissioner and his team to maintain LFB's operational capabilities and response times, deliver a Modern Firefighting Training Strategy across LFB, and invest in LFB's estate and infrastructure.
- 4.5 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 the continuation of building the Superloop network, new rolling stock on the Piccadilly line, increasing the number of zero-emission buses on London's roads, expanding the school streets and cycle network, and making more stations step-free.
- 4.6 In 2025, the government announced a substantial multi-year capital funding package for TfL in the Spending Review, and their Budget confirmed backing for the extension of the DLR to Thamesmead. 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. The Mayor continues to work with the government on the support and funding needed to improve transport services for Londoners and boost housebuilding and economic growth.
- 4.7 The Mayor's Draft Budget provides LLDC with the funding to provide ongoing support for the delivery of homes at Stratford Waterfront, Bridgewater Triangle, and Pudding Mill Lane residential sites, and continue to work with partners to progress major housing schemes across its landholdings.

- 4.8 This Budget supports the next stage of OPDC’s development project, including progress towards the comprehensive regeneration of Old Oak and the provision of a low-carbon district heat network.
- 4.9 The Mayor’s Draft Budget also includes the budget for the newly established OSDC, supporting the development of Oxford Street’s retail and leisure offer, including curating an ongoing programme of activations to provide a world-leading visitor experience. OSDC will develop and implement sustainable commercial and financial strategies to support the long-term development, activation and operation of the area.
- 4.10 As well as ensuring the GLA Group protects and invests in vital public services, the Mayor’s Draft Budget continues to target resources where they can make the biggest difference to Londoners. This includes investing in green projects to continue leading the way in tackling the climate crisis and air pollution. 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.
- 4.11 The Mayor’s desire is to ensure that all Londoners – irrespective of race, gender, religion, sexual orientation, disability or background – 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, greener and more prosperous London for everyone.

Funding changes since the Mayor’s Consultation Budget 2026-27

- 4.12 This Draft Budget takes account of changes to funding assumptions for the GLA Group due to:
- the government’s [Budget 2025](#), presented on 26 November 2025
 - the [Provisional Local Government Finance Settlement for 2026-27 to 2028-29](#) (“LGFS”), published on 17 December 2025 by the Ministry of Housing, Communities and Local Government (“MHCLG”)
 - the [Provisional Police Funding Settlement \(England and Wales\) 2026-27](#) (“Police Settlement”), published on 18 December 2025 by the Home Office
 - other announcements
 - changes in the allocation of reserves.

However, this does not reflect the final funding position which will be known in early February.

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

Sources of additional Mayoral funding allocated in the Draft Budget for 2026-27	£ million
<u>Provisional LGFS</u>	
Estimate of additional business rates funding available for general purposes	31.3
Police council tax precept increase of £15 (vs previous 3% assumption)	17.7
Homelessness, Rough Sleeping and Domestic Abuse Grant	11.7
Increase in funding from LGFS	60.7
<u>Provisional Police Settlement</u>	
Core Police and other grants, compared to previous assumption	(23.4)
Increase in funding from Police Settlement	(23.4)
<u>Other announcements</u>	
Additional integrated settlement revenue funding	51.4
Increase in funding from other government announcements	51.4
<u>Allocation of reserves</u>	
GLA Group: Business Rates Reserve	(33.0)
GLA Group: Mayoral Development Corporation reserves	11.4
Change in funding from reserves	(21.6)
Total change in funding allocated in budget	67.1

- 4.14 Of this net £67.1 million in additional funding, £63.1 million is ringfenced for tackling homelessness, rough sleeping and domestic abuse, and the purposes set out in the GLA's integrated settlement. This table excludes the £90 million provided by the Department for Transport to compensate TfL for the loss of income arising from its 2026 fares decision, as this is not additional income but a replacement for fares income that was previously included in its budget.

Provisional LGFS

- 4.15 The LGFS confirmed the GLA's business rates Fair Funding Allocation (FFA) for 2026-27 will be £3,052.7 million. FFA is the equivalent of the Baseline Funding Level included in the previous business rates retention system, and includes amounts previously allocated to the GLA in its Employer's National Insurance Contributions (ENIC) Grant. Compared with the assumptions in the Consultation Budget for business rates and ENIC grant, if this were received in full it would be an increase in funding for the GLA Group of £138.8 million, reducing to £83.5 million by 2028-29.
- 4.16 The scale of the government changes planned for 2026-27, and the uncertainty around how they will apply to the GLA, creates significant uncertainty in the final funding position that will be reported by billing authorities in their business rates forecast returns due at the end of January. In light of this, a prudent approach is necessary. Therefore, at this draft stage in the budget, a cautious judgement has been taken on the level of funding which can be relied upon. A range of scenarios have been considered, including potential shortfalls and the impact of appeals by business ratepayers. **Based on this and the level of reserves available to mitigate risks, the GLA Chief Finance Officer has advised that it is reasonable to recognise around a £30 million uplift in funding at this stage, but no more than this until billing authority returns and the final Local Government Settlement are available.**
- 4.17 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 2026-27, those amounts are:

- up to £5.13 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 £20.13 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.

- 4.18 Compared with the assumptions in the Consultation Budget, there is a total of £17.7 million additional council tax revenue in this Draft Budget. As this increase relates the police element only, the entirety of the increase in revenue is allocated to MOPAC.
- 4.19 Included in the LGFS was confirmation of the Homelessness, Rough Sleeping and Domestic Abuse Grant [allocations for 2026-27](#). The combined allocation of £52.2 million to the GLA is an increase of £11.7 million compared with GLA's budget submission. As these funds are ringfenced and matched equally by project expenditure, there is a £Nil impact on Net Service Expenditure.

Provisional Police Settlement

- 4.20 The provisional Police Settlement awarded a total of £2,889.9 million to MOPAC in Home Office grants for 2026-27, an increase of £111.2 million compared with the equivalent figures for 2025-26. Including specific grants, this represents a net reduction of £23.4 million compared with the planning assumptions made by MOPAC in its budget submission. MOPAC remain in discussions with the Home Office regarding the final settlement, including any one-off funds that may be available to support neighbourhood policing and the MPS workforce in 2026-27.
- 4.21 To offset the reduction in grants compared with the budget submission, offset by the increase in council tax precept revenues, the MPS has agreed to deliver a further £6 million of efficiency savings in non-operational functions; therefore, the MPS budget remains balanced, based on the assumptions made on specific grants, currently under discussion with the Home Office.

Other announcements

- 4.22 On 19 November, the Mayor [announced](#) a new £2.4 million package of support for victims and survivors of Child Sexual Exploitation (CSE) to strengthen child protection. Funding for this initiative, which was included in MOPAC's budget submission, has been provided from business rates funding across 2026-27 and 2027-28.
- 4.23 On 26 November, MHCLG published an update of the [integrated settlement funds](#) to be received by the GLA between 2026-27 and 2029-30. The combined allocations for revenue funding, when compared with the GLA: Mayor budget submission, provide additional funding of £51.4 million in 2026-27, £51.2 million in 2027-28 and £45.1 million in 2028-29. As these funds are matched equally by project expenditure, there is a £Nil impact on Net Service Expenditure.

Allocation of reserves

- 4.24 In June 2025, the government [announced](#) a new entitlement to free school meals for all children in households on Universal Credit. Following confirmation of the scheme details and other relevant factors, it is estimated that there will be a reduction in the academic year cost of the Mayor's Universal Free School Meals (UFSM) programme compared to previous assumptions of £50.6 million in 2026-27, £59.0 million in 2027-28 and £61.5 million in 2028-29. These savings are reflected in reduced expenditure for GLA: Mayor and corresponding reductions in allocations from the Business Rates Reserve (BRR), and mean that UFSM can be funded from within the GLA: Mayor budget on an ongoing basis.
- 4.25 The Mayor provides support for London's billing authorities through his council tax and business rates income maximisation fund. As confirmed in [MD3458](#), the Mayor will increase this funding annually in line with CPI inflation; the additional funds for this GLA Group initiative are provided from the BRR.
- 4.26 On 11 December, the Mayor announced the [TfL fares package for 2026](#), including a further freeze, for the seventh time, to bus and tram fares until July 2026. Funding for the fares freeze of £17.2 million in 2026-27 has been allocated from the BRR.
- 4.27 Mayoral Development Corporation (MDC) reserves included an amount of £11.0 million set aside for London Stadium not included in the original GLA: Mayor budget submission. As the stadium is now part of the GLA: Mayor budget, and not LLDC, this amount has been taken from the reserve and will be allocated to London Stadium via the GLA: Mayor budget in 2026-27. This does not change the amount of funding allocated to the London Stadium.
- 4.28 An amount of £0.4 million set aside in the MDC reserves for further development of the West London Orbital scheme has been drawn down and added to OPDC's budget in 2026-27.
- 4.29 The next Mayoral and Assembly elections will be held in May 2028, and £40.0 million from the GLA: Mayor Elections Reserve has been allocated for this expenditure in 2028-29.

Application of additional funding since the Mayor's Consultation Budget 2026-27

- 4.30 It is critical that the GLA Group is financially resilient and sustainable. The changes in this Draft Budget compared to the Consultation Budget enable all GLA Group bodies to have balanced budgets, as required by law.
- 4.31 Sustainability is achieved by ensuring that recurring commitments are funded from baseline funding. For example, UFSM and London Stadium expenditure will now be met from within the GLA: Mayor budget on an ongoing basis, rather than through reserve transfers.
- 4.32 Where surplus funds remain after securing resilience and sustainability, they have been applied to reflect limited pre-existing commitments. For example, £2.4 million has been provided for MOPAC's work to support the victims of child sexual exploitation.
- 4.33 The following table details the changes compared to the Consultation Budget.

Application of additional Mayoral funding in the Draft Budget for 2026-27	£ million
<u>GLA: Mayor</u>	
Reduction in Universal Free School Meals programme costs	(50.6)
Homelessness, Rough Sleeping and Domestic Abuse grant (£Nil net service expenditure)	11.7
Integrated settlement grants (£Nil net service expenditure)	51.4
<u>GLA Group items</u>	
Income maximisation scheme	0.4
Change in use of reserves	11.0
Total GLA: Mayor	23.9
<u>MOPAC</u>	
Council tax precept revenue (net)	17.7
Reduction in Home Office and specific grants	(23.4)
Support for victims and survivors of Child Sexual Exploitation	2.4
Total MOPAC	(3.3)
<u>TfL</u>	
Bus fare freeze funding	17.2
Total TfL	17.2
<u>LFC</u>	
Reduction in savings to be identified	8.9
Total LFC	8.9
<u>OPDC</u>	
West London Orbital scheme	0.4
Reduction in savings to be identified	2.0
Total OPDC	2.4
<u>OSDC</u>	
Business rates control total	18.0
Total OSDC	18.0
Total funding	67.1

Other changes since the Mayor's Consultation Budget 2026-27

- 4.34 The Mayor's Strategic Investment Fund (SIF) included an allocation of £17.5 million for development within the [Canada Water](#) sustainable district. Delays in receiving planning approval have resulted in the payment due in 2025-26 to be delayed. Therefore, in 2025-26, these funds have been transferred from the SIF Reserve to the earmarked GLA: Mayor Capital Programme reserve, with the payment moved to expenditure budgets in 2026-27.
- 4.35 To comply with the consultation requirements of the GLA Act 1999 ("GLA Act"), the GLA: Mayor budget submission is published earlier than the submissions of the functional bodies. In this Draft Budget, the GLA: Mayor capital spending plan has been updated to include details from the budget submissions of LLDC, OPDC and OSDC which were published after the GLA: Mayor budget submission.

- 4.36 Alongside updating allocations between Delivery Plans to reflect the final Plans agreed in November, GLA: Mayor have undertaken a review of expenditure, cost pressures and reserves and identified £15.5 million of savings, and revised treasury forecasts on investment income. The combined impact of the changes is that the GLA: Mayor budget is balanced.
- 4.37 GLA: Mayor earmarked reserves include £2.5 million put aside for increased London Stadium costs in the event that West Ham United are relegated from the Premier League at the end of the 2025-26 season.
- 4.38 On 23 November, the Department for Transport (DfT) announced the [first national regulated rail fares freeze in 30 years](#). Consequently, TfL rail revenues will be lower than assumed in their budget submission, and DfT have confirmed a compensatory grant of £90 million per annum will be paid for the 2026-27 to 2028-29 fares cycle. As a result, there is no change in net funding.
- 4.39 Mayoral funding of £3.0 million per year to LFC from GLA Group reserves has been reclassified from reserves to LFC's business rates control total from 2026-27.
- 4.40 LFC have undertaken a review of expenditure and identified a reduction of £3.3 million in 2026-27 through re-phasing some investments.
- 4.41 OPDC have undertaken a review of expenditure and identified a further £1.4 million of savings, of which £0.7 million will be allocated across Directorates during 2026-27.
- 4.42 The GLA: Mayor budget submission included £17.4 million of funding provided to TfL from Group reserves, in respect of the Oxford Street Capital Programme in 2026-27. With the establishment of the new Mayoral Development Corporation, this funding has been increased in the OSDC Capital Programme to £27.1 million and will be provided via OSDC borrowing.
- 4.43 In 2025-26, the Group Collaboration Board has established a Public Health Function Board. To improve transactional efficiency, from 2026-27 the public health contribution from GLA Group bodies will be met solely by GLA: Mayor, with the control totals of the relevant GLA Group bodies transferred accordingly.
- 4.44 To provide greater clarity of the MOPAC budgets, the Violence Reduction Unit (VRU) costs that were published in an [addendum](#) to the MOPAC budget submission have been separately identified in the Objective table in section 6 of the Draft Budget Part 2.
- 4.45 The MOPAC savings figure presented in the Consultation Budget included £55.4 million of recurring savings that are being delivered in 2025-26 and therefore should not have been included in this Budget Period. This error has now been corrected.
- 4.46 Some error corrections, typographical and wording changes have been made to improve clarity and reflect the latest available information; these do not affect the substance of the budget proposals.

5. Equality comments

- 5.1 Promoting equality, diversity, inclusion, social mobility and social integration are high priorities for the Mayor. The Mayor published his [equality objectives](#) in 2022; progress against these objectives is published in the [Mayor's Annual Equality Report](#).
- 5.2 The GLA Group bodies must comply with [section 149 of the Equality Act 2010](#) when exercising their functions. Compliance with the duty is iterative and ongoing. It includes carrying out a process to identify and actively consider any potential detrimental impacts that may arise for individual protected groups, and what mitigations could be implemented to address them at a level proportionate to the decision being taken.
- 5.3 The GLA Group bodies undertake this duty at a budget level and in the implementation of their individual policies, programmes and projects. An interim assessment of the equality implications of each GLA Group body's budget is set out in each of their budget submissions.
- 5.4 The GLA Group bodies have complied with their statutory obligations under the Equality Act 2010.

Council tax support

- 5.5 Households that are exempt from council tax, or that receive 100 per cent council tax support, will not experience a direct impact from an increase in council tax. This includes, for example, households consisting solely of students or pensionable-age residents who qualify for full support. The availability of full council tax support varies by local authority and is dependent on individual circumstances, including eligibility for pension credit.
- 5.6 Since 2013–14, responsibility for awarding council tax support to working-age households has been devolved to individual billing authorities. In London, this responsibility sits with each of the 33 local authorities. While billing authorities are legally required to consult major precepting authorities, including the GLA, on any changes to their council tax support schemes, ultimate responsibility for scheme design rests with each local authority within the framework set by national legislation.
- 5.7 Under this localised system, eligible pensioner households continue to receive protected council tax support. However, local authorities have discretion to design their own schemes for working-age households below pension credit age. Decisions on council tax support schemes for 2026–27 are not required to be finalised until 11 March 2026.
- 5.8 A small number of London boroughs have consulted on significant changes to their schemes for 2026–27, following widespread changes implemented in 2025–26. Any resulting increase in the council taxbase will generate additional income shared with the GLA. Case study evidence indicates that many low-income working-age households will face higher council tax contributions, affecting both borough and Mayoral precepts. The Mayor, however, has no control over local scheme design.
- 5.9 In areas where full support is not provided, some low-income households are required to pay up to 50 per cent of their council tax liability. These impacts are most acutely felt by households just above eligibility thresholds. As council tax support schemes vary significantly between boroughs, there are differences in annual liabilities exceeding £3,000 in extreme cases; it is evident the current system of localised council tax support has become increasingly inequitable in London.

6. Legal comments

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

Statutory definitions

- 6.1 “*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.
- 6.2 “*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

- 6.3 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:
- 6.4 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.”*
- 6.5 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].

- 6.6 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.)
- 6.7 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 GLA Group 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

- 6.8 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".
- 6.9 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

- 6.10 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."
- 6.11 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 2026-27 financial year by the [Greater London Authority \(Consolidated Council Tax Requirement Procedure\) Regulations 2025/1238](#) and applied to the financial year beginning on 1st April 2026 only.

Final draft budget stage

- 6.12 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?

- 6.13 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).
- 6.14 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.
- 6.15 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

- 6.16 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

- 6.17 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

- 6.18 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

- 6.19 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

- 6.20 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 GLA Group 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

- 6.21 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 26 February 2026. 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

- 6.22 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.

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

- 6.23 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).

7. Financial comments

- 7.1 Financial issues are integral to the Mayor's Draft Budget document included as Part 2 of this report.
- 7.2 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.
- 7.3 The GLA's CFO relies on individual advice from the CFOs of each of the GLA Group bodies in discharging her responsibilities and judges the estimates and proposed financial reserves to be robust and adequate. GLA Group bodies' CFO statements on the adequacy of reserves are presented below in paragraphs 7.12 to 7.23.
- 7.4 The GLA's CFO notes that the 2026-27 budget is balanced, acknowledging the commitment to identify further savings by GLA: Mayor, LFC and OPDC in 2027-28 and 2028-29.
- 7.5 The estimates have been put together by, or with the involvement of, qualified finance staff in the GLA Group 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 2025-26 and 2026-27.
- 7.6 There are processes within the GLA Group 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.
- 7.7 The GLA Group has faced considerable financial pressures in recent years. The most significant challenges and risks are outlined in Part 2.
- 7.8 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.
- 7.9 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.
- 7.10 Overall, based on the information that has been provided to explain the Mayor's 2026-27 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 Group bodies, and which are the outcome of a robust budget development process.
- 7.11 On the advice of the GLA CFO, a prudent approach has been taken in setting the draft budget at this stage of the budget cycle. Given the scale of business rates reforms and the lack of control over related income assumptions made locally, the draft budget has been set cautiously, with only minimal utilisation of the additional funding indicated in the provisional LGFS in order to ensure a balanced budget. In addition, some elements of police funding levels are subject to confirmation.

Chief Finance Officer statements on reserves

Greater London Authority

- 7.12 The Chief Finance Officer of the GLA judges the GLA's level of reserves, including those held on behalf of Mayoral Development Corporations, to be prudent in the context of known future liabilities, risks and funding uncertainties facing the Mayor and the Assembly. These will be reviewed as additional information becomes available, in particular for outturn information from billing authorities on business rates and government decisions regarding the Spending Review.
- 7.13 In addition to a number of earmarked and interest risk reserves, the GLA: Mayor holds a general reserve of £10 million which equates to 3.5 per cent of the net expenditure. The overall budget does not include any contingency budgets. At GLA Group level, reserves are held to manage risks related to the overall macro-economic conditions and the potential impact of funding reforms, including business rate reset and revaluation. However, given the current scale of these risks it is essential to protect the level of reserves to ensure the financial sustainability of this budget at a single entity level to deliver the Mayor's priorities.

The Mayor's Office for Policing and Crime

- 7.14 The key risks and issues can be summarised under the four key themes below:
- **Future Funding assumptions:** the budget is based upon a number of funding assumptions, informed by the provisional police settlement. However, detail on the full settlement, including specific grants, will not be confirmed until February 2026, and in the absence of a multi-year settlement, funding beyond 2026-27 is unknown.
 - **Savings to be identified:** the budget gap from previously published figures has reduced, in part by increased funding assumptions. However, both the MOPAC and MPS budgets are dependent on recurrent savings plans being developed and/or realised in the current 2025-26 year and/or in 2026-27. MOPAC's draft 2026-27 budget is balanced, with £67.5 million of savings to be identified in 2027-28 and £67.1 million in 2028-29.
 - **Reserve levels:** the current Reserves Strategy recommends maintaining a general reserve of two to three per cent of net revenue expenditure. This is the recommended level for this Medium-Term Plan (MTP) and would require a general reserve of £85.2 million to £127.8 million by the end of 2028-29. The current MTP does not provide for any increases, although MOPAC has been able to contribute to the general reserves from year-end underspends for several consecutive years recently.
 - **Increasing demand for MPS services:** this is driven by a combination of: 1) increased population, 2) complexity of crime, and 3) a sustained and acute period of public order demand. These increases in demand add further pressure to delivering within the available resources, capacity to respond to crisis moments and maintaining neighbourhood policing.
- 7.15 It is the MOPAC CFO's opinion that the draft budget is based on robust assumptions. Whilst the level of general reserves increased in 2024-25 to £76.6 million, this remains below the recommended minimum level of two to three per cent by the end of 2028-29. The CFO's recommendation is that a proportion of any in year underspends should be transferred to the general reserve to support the medium-term strategy to bolster the general reserves to at least £85.2 million by 2028-29.

Transport for London

- 7.16 TfL is more dependent on fare income than similar transport authorities around the world, with fares covering around two-thirds of its operating costs. TfL's dependence on fare income was exposed during the pandemic, which had a catastrophic impact on its financial position. Since then, TfL has rebuilt its finances, achieving its first operating surplus in 2023-24 to fund investment, and is on track to deliver a third operating surplus in 2025-26. This has allowed TfL to start to rebuild its usable reserves whilst restoring investment in critical asset renewals.
- 7.17 Despite this improvement, TfL remains exposed to significant external macroeconomic risks that affect its operating income and cost base. Furthermore, like other transport authorities, TfL still needs capital funding from the government for major asset replacements and enhancements. TfL has confirmed capital funding to 2029-30, through the government's 2025 Spending Review, and continues to make the case for access to other funding opportunities as they become available and in the next Spending Review process in 2027.
- 7.18 The TfL Statutory Chief Finance Officer considers the level of reserves appropriate given known liabilities, risks and uncertainties facing the organisation and in the context of the financial mitigations it has available. More detail will be presented in the final TfL Budget in March 2026.

London Fire Commissioner

- 7.19 There are a range of factors that need to be considered in determining an appropriate level of reserves and as the CIPFA guidance states a considerable degree of professional judgement is required.
- 7.20 The LFC's earmarked reserves have reduced over time as those funds have been utilised to support essential transformation activity in recent years. For LFC the combination of a maximum insurance liability, the current availability in provisions to cover known or expected events, the availability of earmarked reserves, and a generally prudent approach to cost estimation and budgeting indicates that a minimum general reserve level of 3.5 per cent can currently be deemed to be adequate given the corporate governance and control arrangements in place across the organisation. This level of reserves is judged prudent by the Chief Finance Officer of LFB in the context of known future liabilities, risks and funding uncertainties facing the organisation and will be kept under review. The budget includes savings and efficiency targets, which senior leadership are committed to delivering and implementation of these will require ongoing monitoring.

London Legacy Development Corporation

- 7.21 LLDC does not maintain its own reserves and instead relies – at the GLA's discretion – on access to the GLA's MDC reserves for funding beyond its control totals; therefore, a CFO statement on reserves is not required.

Old Oak and Park Royal Development Corporation

- 7.22 OPDC does not maintain its own reserves and instead relies – at the GLA's discretion – on access to the GLA's MDC reserves for funding beyond its control totals; therefore, a CFO statement on reserves is not required.

Oxford Street Development Corporation

- 7.23 OSDC does not maintain its own reserves and instead relies – at the GLA's discretion – on access to the GLA's MDC reserves for funding beyond its control totals; therefore, a CFO statement on reserves is not required.

Draft consolidated council tax requirement

- 7.24 The Mayor is required to determine consolidated and component council tax requirements for 2026-27 and it is these that the Assembly has the power to amend. The individual GLA Group bodies' 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).
- 7.25 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?

- 7.26 The Mayor is proposing an adjusted Mayoral council tax requirement in 2026-27 which is £0.767 million or 1.1 per cent higher than in 2025-26.
- 7.27 The council tax requirement which would result from an equivalent percentage increase compared to the Assembly's 2025-26 allocation is £2.843 million.
- 7.28 The Mayor's proposed council tax requirement for the Assembly is £2.843 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 1.1 per cent in line with the corresponding assumed uplift in the London wide council tax base.
- 7.29 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.
- 7.30 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 2025-26;
 - 'New' Mayor will be the Mayor's proposed council tax requirement for the Mayor for 2026-27 after any adjustments made;
 - the percentage change in the Mayor's council tax requirement from 2025-26 is calculated using these amounts.
- 7.31 This is explained in the tables below:

GLA Mayor: Calculation of NM and OM	£
Proposed council tax requirement for the Mayor for 2026-27	70,482,697
NM (Mayor's adjusted council tax requirement for 2026-27)	70,482,697
Deduct: OM (notional Mayor's council tax requirement for 2025-26)	69,715,823
OM (notional Mayor's council tax requirement for 2025-26)	69,715,823
Amount NM is higher than OM council tax requirement	766,874
Percentage increase	1.10%

GLA: Assembly: adjusted previous component Council Tax Requirement	£
Notional component Council Tax requirement for the Assembly for 2025-26	2,811,904
Add: 1.10 per cent change in NM compared with OM	30,931
Adjusted previous component Council Tax requirement	2,842,835

Statutory deadlines

- 7.32 The statutory deadline for the Mayor to approve the Final Capital Spending Plan for 2026-27 and notify the Secretary of State for Housing, Communities and Local Government is 27 February 2026.
- 7.33 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 2026-27 is 28 February 2026.
- 7.34 The statutory deadline for the Mayor to approve the Authorised Limit for external debt (borrowing) for the GLA Group bodies, alongside the Prudential Indicators and Capital Financing Requirements required by statute is 31 March 2026.

List of appendices to this report:

Part 2 – Draft Consolidated Budget 2026-27

Local Government (Access to Information) Act 1985

List of Background Papers:

[Mayor's Budget Guidance 2026-27](#)

[Mayor's Consultation Budget 2026-27](#)

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