

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3465

### Title: Crossrail Business Rates Supplement – Approval of Policies for 2026-27

#### Executive summary:

This decision form asks the Mayor to approve the policies for the Crossrail Business Rate Supplement ("Crossrail BRS") for 2026-27, which has been used to finance the GLA's £6.9 billion contribution to the costs of the Elizabeth line. The rateable value threshold above which the Crossrail BRS will apply is proposed to increase from £75,000 to £92,000 to reflect the impact of the national business rates revaluation which will come into effect on 1 April 2026. Otherwise, the policies – including the 2 pence multiplier – are unchanged from 2025-26.

The Crossrail BRS is collected by the 32 London boroughs and the City of London Corporation on behalf of the Greater London Authority (GLA). The Mayor is also asked to authorise the Chief Finance Officer to issue a notification to each London billing authority under section 18 of the Business Rate Supplements Act 2009 ('BRS Act') setting out the final policies for the Crossrail BRS in the 2026-27 financial year and the supporting explanatory text for ratepayers.

The GLA estimates, currently, that the Crossrail BRS will raise c£290 million in 2026-27. It expects to apply c£111 million of Crossrail BRS and the Mayor's Community Infrastructure Levy (MCIL) revenues in 2026-27 to fund the financing costs on its Crossrail related borrowing. The balance will be set aside to repay part of the GLA's residual Elizabeth line debt which is forecast to be £3.6 billion at 31 March 2026.

#### Decision:

The Mayor approves the following policies for the Crossrail Business Rate Supplement (Crossrail BRS) for the 2026-27 financial year:

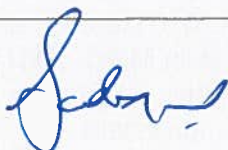
- the Crossrail BRS will apply for the full 2026-27 financial year across the entire GLA area
- the Crossrail BRS multiplier (or tax rate) shall be set at 2p per pound of rateable value
- the rateable value threshold above which the Crossrail BRS applies shall be £92,000
- any reliefs for the Crossrail BRS will continue to apply on the same basis and at the same percentage rate as for National Non-Domestic Rates (NNDR)
- section 45 ratepayers under the Local Government Finance Act 1988 ("the 1988 Act") (that is, those owning or entitled to occupy empty properties) will not be exempt from the Crossrail BRS as a class. The same automatic empty property reliefs will apply, however, at the same percentage rate to the Crossrail BRS as for NNDR
- the GLA will not exercise its powers under section 16 of the BRS Act to apply an offset for eligible ratepayers liable to pay a levy towards a Business Improvement District.

The Mayor authorises the Chief Finance Officer to issue a notification of the above policies for 2026-27 to the 33 London billing authorities as required by section 18 of the BRS Act – which includes the explanatory note for non domestic ratepayers – as set out in Appendix A.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority. The above request has my approval.

Signature



Date

13/1/26

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 Between 2010-11 and 2015-16 the GLA made a contribution of £4.1 billion towards the Crossrail project (subsequently renamed the “Elizabeth line” although for the purposes of this decision the original designated name for the project when the funding arrangements were established is used) by means of a capital grant paid to Transport for London (TfL). This was financed by a business rates supplement on non-domestic ratepayers in London (“the Crossrail BRS” or “the BRS”) introduced in April 2010 following the publication of a final prospectus in January 2010<sup>1</sup> which set out the policies for and intended application of the revenues generated (“the final prospectus”). This £4.1 billion contribution comprised two elements: around £3.3 billion of borrowing by the GLA (the interest on and repayment of which is being financed by the revenues from the Crossrail BRS) and an additional £0.8 billion direct contribution towards construction costs. The GLA also made a separate notional direct contribution through revenues raised by the Mayoral Community Infrastructure Levy (MCIL) towards Crossrail between 1 April 2012 and 31 March 2018, although in practice TfL collected and retained these funds directly from the 35 local planning authorities.
- 1.2 In Mayoral Decision (MD) 2398, published in December 2018, the Mayor agreed that the GLA would provide a further £1.4 billion contribution towards the Crossrail project in order to fund the then-forecast cost overrun arising from the delay in completion of its construction. That £1.4 billion contribution comprised £100 million of unapplied BRS revenues held as a provision against revaluation, financing cost and business rates appeals risks from prior years and a £1.3 billion loan from the Department for Transport (DfT). This loan has been financed and is being repaid using revenues from the Crossrail BRS and MCIL. The use of MCIL to finance and repay this debt was made possible by a change in secondary legislation which the government made in May 2019. It was also agreed that TfL would make a separate additional contribution of up to £750 million towards the project financed from its own revenues.
- 1.3 In MD2702 published in November 2020 it was agreed that the GLA would provide up to a further £825 million contribution to TfL to allow the completion of the project. This additional sum has been borrowed from the DfT and is being financed and repaid using Crossrail BRS and MCIL revenues. Of the £825 million, £325 million is borrowing which will, ultimately, be forgiven by the government if BRS and MCIL revenues (or any replacement revenues made available to the GLA by the government should future legislative changes mean the BRS or MCIL can no longer be levied) are insufficient to fund its repayment. Under the terms of the November 2020 agreement, the government committed to amend the CIL regulations to permit the GLA to use MCIL revenues to finance and repay its Crossrail debt up to 31 March 2043 (extended from the previous 2033 end date). The required change to secondary legislation under the Community Infrastructure Levy (Amendment) (England) Regulations 2021 came into force on 17 March 2021.
- 1.4 In his 2024-25 budget, the Mayor committed to a further £48.5 million contribution from the GLA financed from balances held in its business rates reserve; and the government provided an additional £50 million under the TfL funding deal signed in August 2022. This additional £48.5 million GLA contribution is expected to have been transferred in full to TfL by 31 March 2026.
- 1.5 By 31 March 2026 the GLA will have contributed £6.942 billion in total towards the cost of the Crossrail project, of which all but £48.5 million has been financed using BRS and MCIL revenues.
- 1.6 The final Crossrail BRS prospectus published in January 2010 stated that the supplement would: operate for a period of 24 to 31 years (i.e. end no later than March 2041) with a target end date during the 2037-38 financial year; be set at a rate no higher than 2p per pound of rateable value which is the maximum permitted by the Business Rate Supplements Act 2009 (the “BRS Act”);

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<sup>1</sup> <http://www.london.gov.uk/crossrail-brs>

would raise no more than £8.1 billion; and only apply to ratepayers of hereditaments that exceeded a rateable value threshold which would be revised at each business rates revaluation.

- 1.7 The GLA's residual Crossrail debt at 31 March 2026 taking into account repayments made to date is forecast to be £3.6 billion. The GLA remains confident that it will be able to accommodate its forecast financing costs and scheduled debt repayment while remaining within the overall parameters set out in the 2010 final prospectus. This expectation is based on the lower interest rates achieved by the GLA on its original £3.3 billion of borrowing, the marginally higher than anticipated revenues generated from the BRS since it was introduced and the rate agreed with the government for the first £1.3 billion and second £825 million tranches of DfT borrowing.
- 1.8 The GLA estimates at present that the Crossrail BRS may need to run until potentially 31 March 2041 which is the latest envisaged end date set out in the final prospectus. The precise end date will be dependent on a number of factors including the sums raised in future through the BRS and MCIL each year. The GLA remains of the view, however, that the total sums needed to be raised from the BRS will remain within the £8.1 billion envelope set out in the final prospectus. Similarly, the GLA's Chief Finance Officer is confident that the GLA's associated borrowing remains sustainable, affordable and is in compliance with the requirements of the CIPFA Prudential Code.
- 1.9 The factors and variables set out above will not have the effect of altering the Crossrail BRS policies for 2026-27. It is proposed that the GLA will continue to levy the maximum 2p charge permitted under the BRS Act. The proposed increase in the BRS qualifying threshold (the rateable value condition) will also not have any material impact on the expected end date for the Crossrail BRS.
- 1.10 Having regard to the issues outline above this Decision asks the Mayor to approve the BRS policies for 2026-27. These differ from 2025-26 only in respect of the qualifying rateable value threshold, which is proposed to increase from £75,000 to £92,000, in order to reflect the average 22.3 per cent uplift in valuations in London arising from the England wide revaluation of non-domestic properties that will come into effect from 1 April 2026. Additional supporting background and information is set out in this Decision in sections 2 and 4, with the rationale for the proposed change in the rateable value threshold set out from paragraph 4.15 onwards.

## **2. Objectives and expected outcomes**

- 2.1 The power for the GLA to levy the Crossrail BRS was granted under the BRS Act. Under that Act and associated regulations, the GLA may only levy the Crossrail BRS on hereditaments on the 33 local billing authority rating lists in London where the rateable value exceeds £50,000 – although a higher qualifying threshold can be set – and charge a multiplier (or tax rate) of no more than 2p.
- 2.2 This report asks the Mayor to approve the proposed policies for the Crossrail BRS for 2026-27 having regard to the final prospectus issued in January 2010: 'Intention to levy a business rate supplement to finance the Greater London Authority's contribution to the Crossrail Project' ("the Final Prospectus"), which includes processes for making variations.
- 2.3 The policies may be varied annually having regard to section 10 of the BRS Act and the variations policies set out in section 9 of the final prospectus. Specific arrangements apply in a year when a business rates revaluation occurs in relation to the determination of the qualifying rateable value threshold above which the BRS applies. This is the case in the 2026-27 financial year. Following the 2023 revaluation, the qualifying threshold (the 'rateable value condition' under section 12 of the BRS Act) was increased from £70,000 to £75,000. For the reasons set out in section 4, it is now proposed that the threshold be increased to £92,000 from 1 April 2026.
- 2.4 The Decision asks the Mayor to agree the following policies for the Crossrail BRS in 2026-27 which are required under the BRS Act:
  - the Crossrail BRS will apply for the full 2026-27 financial year across the entire GLA area

- the Crossrail BRS multiplier (or tax rate) shall be set at 2p per pound of rateable value for the 2026-27 financial year
- the rateable value threshold above which the Crossrail BRS shall apply in the 2026-27 financial year will be set at £92,000. This represents a relief granted by the GLA under section 15 of the BRS Act as the proposed threshold exceeds the minimum £50,000 rateable value threshold specified in the Business Rate Supplements (Rateable Value Condition) (England) Regulations 2009
- any reliefs for the Crossrail BRS will apply on the same basis and at the same percentage rate as for National Non-Domestic Rates (NNDR) having regard to any national policies set by the Secretary of State and any discretionary local policies in place in the 33 London billing authorities
- section 45 ratepayers under the Local Government Finance Act 1988 (the “1988 Act”) (that is, those owning or entitled to occupy empty properties) will not be exempt from the Crossrail BRS as a class. However, the same empty property reliefs and exemptions for certain categories of ratepayer or property (e.g. the majority of listed buildings, empty properties occupied by registered charities and newly empty properties for between three and six months) will apply at the same percentage rate to the Crossrail BRS as for NNDR
- the GLA will not exercise its powers under section 16 of the BRS Act to apply an offset for eligible ratepayers liable to pay a levy towards a Business Improvement District (BID).

2.5 The Mayor is also asked to authorise that the GLA’s Chief Finance Officer issue a formal notification of the above policies to the 33 London billing authorities as required by section 18 of the BRS Act (Appendix A). This includes the proposed communication to non-domestic ratepayers for 2026-27, as set out in Annex F to that notification. This communication will either be circulated to ratepayers alongside their 2026-27 rates bills or alternatively made available on billing authority websites depending on the mechanism by which the billing authority has decided to communicate explanatory supporting information using their discretion under the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (as amended by the Non-Domestic Rating (Electronic Communications) (England) Order 2012).

2.6 The GLA expects to apply c£111 million of the BRS and MCIL revenues collected in 2026-27 to fund the interest due on its Crossrail debt. This recognises that part of this cost will be financed from MCIL revenues having regard to the powers granted to the GLA to apply these revenues for Crossrail related borrowing under the Community Infrastructure Levy (Amendment) (England) Regulations 2019. The balance of the BRS and MCIL income collected not applied for interest payments will be applied to finance the repayment of the GLA’s debt and the costs associated with the administration of this debt, as well as the BRS and MCIL. It is anticipated at this stage that around £250 million of the BRS and MCIL revenues raised in 2026-27 will be applied towards repaying this debt.

### **3. Equality comments**

- 3.1 Under section 149 of the Equality Act 2010 (the Equality Act), the GLA (including the Mayor) as a public authority must comply with the Public Sector Equality Duty when exercising its functions. This is a duty to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and any other conduct that is prohibited by or under the Equality Act.
- 3.2 The duty includes having due regard to the need to advance equality of opportunity between people who share a protected characteristic and those who do not, and the need to foster good relations between people who share a protected characteristic and those who do not. This involves having due regard to the need to remove or minimise any disadvantage suffered by those who share a relevant protected characteristic that is connected to that characteristic; taking steps to meet the different



needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low.

- 3.3 The protected characteristics under section 149 of the Equality Act are: age, disability, gender reassignment, pregnancy and maternity, marital or civil partnership status, race, religion or belief, sex, and sexual orientation. Compliance with the duty may involve ensuring people with a protected characteristic are provided with all the opportunities that those without the characteristic would have. The duty must be exercised with an open mind and at the time a decision is taken in the exercise of the GLA's functions. Conscientious regard must be had that is appropriate in all of the circumstances.
- 3.4 The Crossrail BRS is applied on a consistent basis across the GLA area and is subject to the provisions of the BRS Act and parallel national non-domestic rating legislation. As explained in section 4, in 2026-27 the BRS will only be levied on large assessments on the local non-domestic rating list with a rateable value above £92,000. As a result, an estimated 86.7 per cent of non-domestic hereditaments – including the vast majority of premises occupied by small and medium-sized enterprises – in London are forecast by the GLA on the basis of the draft 2026 rating list<sup>2</sup> to be exempt from the supplement. It is considered that the proposed BRS policies are consistent with the GLA's statutory duties and non-domestic rating legislation.
- 3.5 Given that the BRS is restricted to larger business premises only, is applied consistently across the GLA area, amounts (in 2026-27) to an average of around 4 per cent of affected ratepayers' total business rates bill per hereditament on the local rating list and is collected and enforced through existing non-domestic rating legislation, no specific adverse equalities impacts are considered to arise from it.

## 4. Other considerations

### *Links to Mayoral strategies*

- 4.1 As forecast in the Mayor's Transport Strategy published in March 2018 and updated in November 2022, the Elizabeth line has brought huge economic benefits to the whole of London and the UK in the long term. It is providing additional transport capacity to enable the concentration of highly productive economic activity in central London to continue to grow and has added 10 per cent to central London's rail capacity. Research prior to the COVID-19 pandemic forecast that the project would generate around £42 billion for the UK economy through faster journey times, job growth and increased productivity. TfL's website sets out the benefits framework now in place to illustrate the impact of the Elizabeth line: <https://tfl.gov.uk/corporate/publications-and-reports/elizabeth-line-benefits-framework>. London's growth aids the national economy, not least through the taxes generated for the Exchequer.
- 4.2 The BRS funded £4.1 billion of the costs of the Crossrail project between 2010-11 and 2015-16, either through direct contributions or to support the financing and repayment of GLA borrowing. This comprised £3.3 billion of GLA borrowing and a £0.8 billion direct contribution from BRS revenues. In addition, it was agreed in Mayoral Decisions 2398 and 2702 in December 2018 and November 2020 respectively that the GLA would provide an additional £2.225 billion contribution to the Crossrail project – comprising £2.125 billion of GLA borrowing and a £100 million direct contribution from BRS revenues – paid as a capital grant to TfL. The GLA's outstanding Crossrail borrowing will be financed and repaid from a combination of MCIL and BRS revenues. The additional £48.5 million direct GLA contribution agreed in the Mayor's 2024-25 budget is not being funded from BRS or MCIL revenues.

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<sup>2</sup> <https://www.gov.uk/government/statistics/non-domestic-rating-change-in-rateable-value-of-rating-lists-england-and-wales-2026-revaluation-draft-list>

- 4.3 The impact of these additional tranches of borrowing, as outlined above, is that the potential end date for the use of the BRS for the Crossrail project may now be as late as March 2041 or 31 years from the introduction of the BRS. The total sum raised in BRS is estimated, however, to remain below £8.1 billion. This remains consistent with the parameters set out in the final prospectus.
- 4.4 Without the funding provided through the BRS, it would not have been possible to deliver the entire project under the revised financing and funding package and potentially the Elizabeth line might never have opened at all.

*Impact assessments and consultation including the legal processes the GLA must comply with before levying a BRS*

- 4.5 Under the BRS Act the GLA may only levy the Crossrail BRS if:
- a) it has published a document that sets out the proposal for the imposition of the BRS ("the initial prospectus")
  - b) it has consulted the relevant persons on the proposal
  - c) where there is to be a ballot on the imposition of the BRS, the ballot has been held and the imposition of the BRS approved
  - d) it has published a document that sets out the arrangements for the imposition of the BRS ("the final prospectus").
- 4.6 The initial prospectus for the Crossrail BRS was published in July 2009. A summary of the initial prospectus was also sent to named ratepayers of all business premises at that date with a rateable value of £30,000 or higher on the London rating list on the basis that properties below the £50,000 statutory minimum could have become liable for the BRS following the 2010 rating revaluation or at some time in the future.
- 4.7 The final prospectus was published in January 2010. In developing its policies for the final prospectus, the GLA had regard to the following factors:
- the responses submitted to the Initial Prospectus
  - the agreed contributions to be made by the GLA to the Crossrail project and its financing costs associated with those contributions
  - the publication of the draft 2010 draft valuation list of non-domestic properties in London and the resulting changes to the projected income from the Crossrail BRS over the period of the next revaluation
  - the BRS Act (and any regulations laid or expected to be laid in relation to it) and relevant existing business rates legislation and regulations.
- 4.8 One material change to the proposals in the initial prospectus which was included in the final prospectus was to raise the rateable value threshold for the Crossrail BRS from the statutory minimum specified in the Business Rate Supplements (Rateable Value Condition) (England) Regulations 2009 of £50,000 to £55,000 using the reliefs powers granted to the GLA under section 15 of the BRS Act. The effect of this change at that date was to exempt around 4,000 properties on the 2010 rating list from the Crossrail BRS in its first year, thus targeting relief mainly at small and medium-sized businesses as well as smaller, not-for-profit assessments such as nurseries and primary schools. This meant only hereditaments with a rateable value of £55,001 or more would be liable for the Crossrail BRS for the duration of the 2010 rating list. The final prospectus made clear that it was the GLA's intention to retain the same policies until the next revaluation of non-domestic rating assessments.

- 4.9 At the 2017 revaluation the threshold was increased to £70,000 by uprating the previous £55,000 figure. The threshold was increased again on 1 April 2023 to £75,000 following the 2023 revaluation. Following the recent national business rates revaluation which will come into effect on 1 April 2026, it is now proposed to increase the Crossrail BRS threshold from 1 April 2026 to £92,000 – again having regards to the variations policies set out in section 9 of the final prospectus in the year of a revaluation. This committed to reviewing the threshold after each revaluation by taking account of the average percentage change in rateable values across the capital. The proposed new £92,000 threshold is expected to remain at this level until at least 31 March 2029 (i.e. the expected end date of the 2026 rating list).
- 4.10 The GLA did not hold a ballot prior to the introduction of the Crossrail BRS. This decision was taken having regard to section 27(6) of the BRS Act which provided an exemption from the ballot requirements for a BRS introduced prior to 1 April 2011. Section 68 of the Localism Act 2011, which amended the BRS Act to make ratepayer ballots mandatory before a BRS could be introduced, does not apply to the Crossrail BRS as it has no retrospective effect. If variations are made that are not in compliance with the provisions of the final prospectus, a revised prospectus would also need to be published for consultation with ratepayers and other stakeholders before any changes could be made. For the reasons given in this Mayoral Decision including the factors addressed in paragraphs 4.11 to 4.25 below the GLA considers that no such variations outside the scope of the final prospectus have been made since the BRS was introduced or arise as a result of this Decision.
- 4.11 The final prospectus made clear that the reliefs policies for the Crossrail BRS would apply on the same basis as for NNDR as required under the BRS Act. This also applies on a pro rata basis to any discretionary relief powers introduced under the legislative changes made through section 69 of the Localism Act 2011. The Localism Act 2011 also amended section 47 of the 1988 Act to permit billing authorities to grant discretionary relief to any ratepayer subject to state aid rules including those reliefs, if applicable, of whose costs the government commits to fund in 2026-27 in respect of NNDR. In respect of the BRS, the GLA bears the losses arising from these reliefs via reduced levels of income as the government does not provide compensating section 31 grant for local supplements.
- 4.12 In 2026-27, the government is funding a supporting small business relief (SSBR) scheme to assist ratepayers seeing increases in their non-domestic rates bill who were in receipt of retail, hospitality and leisure (RHL) relief and/or the SSBR scheme in 2025-26. RHL relief is ending from 2026-27 and is being replaced by a lower overall multiplier for that sector for hereditaments where the rateable value is below £500,000. The SSBR scheme will limit the increase in eligible ratepayers' 2026-27 NNDR bill to whichever is the higher of £800 or their transitional relief cap (i.e. 30 per cent for properties with a rateable value above £100,000 and 15 per cent for those with valuations between £28,000 and £100,000 in London). This is expected to be the most material discretionary relief awarded under section 47 of the 1988 Act which BRS ratepayers are likely to benefit from in 2026-27. The reduction in the BRS liability per eligible hereditament for this and other section 47 reliefs will be at the same percentage rate as for the respective NNDR liability. Further targeted support schemes to mitigate the impact of the 2026 revaluation may be announced by the government after the date this MD was drafted which may also apply pro rata to the BRS liabilities on ratepayers' bills.
- 4.13 The final prospectus also confirmed that section 45 ratepayers under the 1988 Act (i.e. those occupying or entitled to occupy empty properties) would be liable for the BRS except where they were eligible for empty property relief under NNDR (e.g. newly empty properties, certain listed buildings and those where the ratepayer is a registered charity). The final prospectus also stated that the GLA would not exercise its powers under section 16 of the BRS Act to apply an offset for eligible ratepayers liable to pay a levy towards a Business Improvement District (BID). It was considered that this would be inequitable as many of the largest BIDs in the capital by taxbase are directly on the Elizabeth line route or close to it.

*Varying the Crossrail BRS including the qualifying rateable value condition*

- 4.14 The final Crossrail BRS prospectus published in 2010 set out the policies for revising the BRS at each revaluation. The introduction of a new rating list from 1 April 2023 represented the second national

revaluation which has occurred since the supplement was introduced. The first took place on 1 April 2017.

- 4.15 The prospectus wording commits the Mayor to uprate the current qualifying rateable value threshold 'in line with' or 'having regard to' the average percentage change in rateable values in a revaluation year. This policy was applied in 2023-24 to reflect the impact of the 2023 revaluation. The prospectus does not specify how this average is to be determined and therefore grants the Mayor discretion as to the methodology which is applied and the factors that are taken into account. Page 75 of the 2010 prospectus stated that the minimum BRS threshold would be reviewed at a revaluation to ensure it remains responsive to movements in the wider NNDR taxbase in London.
- 4.16 Based on the draft rating list published on 26 November 2025, the average percentage increase in rateable values in London is 22.3 per cent. This ranges from a 12 per cent increase in Havering and the City of London to 26 per cent in Greenwich and Lewisham. The average percentage rise in Hillingdon, as a whole, is 102 per cent but if the main Heathrow airport assessment is excluded – which sees its valuation increase by 353 per cent – the uplift for the remainder of the borough is only 20 per cent. The draft rating list also suggests, on average, that there have also been larger than average increases in valuations for certain sectors where rateable values are driven not just by rental levels but by turnover and passenger/visitor volumes. This includes pubs, hospitality venues, hotels, the majority of visitor attractions, major football stadiums and arenas as well as Heathrow airport.
- 4.17 Page 75 of the 2010 prospectus stated that the minimum BRS threshold would be reviewed at a revaluation to ensure it remains responsive to movements in the wider NNDR taxbase in London. It is therefore proposed that the rateable value threshold for the BRS be increased to £92,000 in 2026-27. This equates to a 22.3 per cent uplift on the current threshold of £75,000 (i.e. £91,725) rounded upwards to the nearest £1,000. As a result of increasing the threshold from £75,000 to £92,000 it is estimated based on the draft 2026 rating list that around 8,300 hereditaments which would otherwise have been liable to pay the BRS in 2026-27 will now be exempt.
- 4.18 The final compiled list is not due to be published until the end of March 2026 and it is of course possible that the actual percentage uplift in rateable values may change again at that stage. At the date of this decision, therefore, the GLA cannot be certain what the final change in valuations will be on 1 April 2026 between the 2023 rating list and latest iteration of the 2026 list. If there is a material movement upwards in valuations in the final rating list, the Mayor will consider amending the threshold upwards for 2027-28 – but in order to provide certainty to ratepayers it will be no lower than the £92,000 figure approved in this Decision for the expected duration of the 2026 list (i.e. 2026-27 to 2028-29).
- 4.19 Annex D to the draft section 18 notice at Appendix A sets out the estimated number of properties which will be liable to pay the BRS using the revised £92,000 threshold. Based on the draft 2026 rating list, it is forecast that 41,820 hereditaments are expected to be liable to pay the BRS in 2026-27 but the precise number will vary in practice as the rating list is amended. The proposed threshold means that a slightly lower proportion of hereditaments across London overall will be liable to pay the BRS in 2026-27 (i.e. c13.3 per cent) compared to the 2025-26 forecast (i.e. c13.9 per cent) prepared by London billing authorities in March 2025, having regard to the revised total number of assessments on the draft 2026 list. The number of hereditaments liable to the BRS is therefore forecast to drop by around 1,870, compared to the 43,693 estimate provided by billing authorities in January 2025.
- 4.20 An estimated 86.7 per cent of assessments on the local rating list in London are expected to be exempt, therefore, from the BRS in 2026-27 across London, on the basis of the GLA's estimates having regard to the revised £92,000 threshold. This ranges from an estimated 72 per cent in Westminster and 76 per cent in the City of London, to around 95 per cent in Harrow, Lewisham, Redbridge and Waltham Forest.



- 4.21 The number of hereditaments made exempt from paying the Crossrail BRS through the Mayor's discretion compared to the statutory minimum of £50,000 specified by the existing legislation based on the £92,000 threshold is estimated at around 28,560 premises in 2026-27 – an effective reduction of over 40 per cent. As these individual premises made exempt would only have a liability of between £1,000 to £1,840 the downwards impact on the tax take, by contrast, is significantly lower (c12 per cent) in percentage terms.
- 4.22 The prospectus also states in (section 9) that while it is the intention to apply a 2p rate throughout the life of the BRS *'It is not, however, impossible that if interest rates were to be lower than expected or the BRS taxbase higher than expected following a future revaluation the GLA could levy a lower multiplier than 2p in one or more (five year) valuation period'*. Page 96 of the prospectus outlines the six factors that the GLA will take into account when deciding to make variations to the BRS policies. Under section 10 of the BRS Act any variations made to the policies for the BRS which are not made in accordance with the final prospectus would require the GLA to hold a ballot of ratepayers to approve the changes. These six factors are:
- a) the economic position at that time
  - b) the level of reliefs applying for different categories of ratepayer at that time under NNDR (which might also impact on the Crossrail BRS)
  - c) the GLA's projections at this stage assume rates of relief will remain broadly constant over the lifetime of the Crossrail BRS
  - d) the impact of each revaluation on London's NNDR taxbase
  - e) variations to the length of the Crossrail BRS arising from changes in interest rates, the cost of the project and the taxbase where this meant that the chargeable period would be less than 24 years or more than 31 years and
  - f) the views of London's business community, the 33 London billing authorities and other non-domestic ratepayers.
- 4.23 In determining the final BRS policies the Mayor has to balance these factors against the need to ensure that the GLA's Crossrail debt is financed and repaid in line with the agreed profile set out in the final prospectus. The Mayor must also have regard to the conditions of the loan agreements with the DfT agreed in December 2018 and November 2020 which limit his discretion to vary the multiplier and potentially might cause the government to demand early repayment. For these reasons, it is proposed that the 2p multiplier be maintained in 2026-27. No transitional relief scheme applies for the BRS having regard to the provisions of the BRS Act.
- 4.24 The GLA estimates, based on data reported by billing authorities, that a 2p BRS multiplier would raise approximately £290.1 million in 2026-27, taking into account the revised rateable value threshold of £92,000. This is after applying a contingency for valuation losses during the life of the list in line with the 3.75 per cent figure assumed nationally. After applying a £0.488 million cost of collection allowance for the 33 billing authorities, as set out below, the net sum estimated to be received from billing authorities in 2026-27 is around £289.6 million. The apportionment of this by billing authority is set out in Annex E to Appendix A. Precise figures will be confirmed by billing authorities through a statutory return due by 31 March 2026.
- 4.25 The Mayor will of course keep the policies for the BRS under review each year as required by the final prospectus which permits the multiplier to be varied in any financial year, albeit it can be no higher than 2p under the BRS Act. It should be noted, however, that under the related funding agreements with the government, if the Mayor takes any action, beyond variations to the policies required to be made under the final Crossrail BRS prospectus (such as revising the rateable value threshold in a revaluation year) or by regulation or other form of legislation, which have a negative impact on the collection rates of the BRS (or MCIL), then the £325 million tranche of limited recourse borrowing as set out in paragraph 1.3 will become fully repayable.

*Other relevant information relating to the billing and administration of the BRS*

- 4.26 The Crossrail BRS is collected and enforced in parallel with NNDR bills. NNDR is collected on behalf of central government by lower tier authorities. In London, these are the 32 London boroughs and the Common Council of the City of London. Both charges are included on the same bills which, for 2026-27, will be sent out to non-domestic ratepayers by the 33 London billing authorities before the end of March 2026. The BRS is administered in line with regulations issued by the Secretary of State under the BRS Act.
- 4.27 Billing authorities are permitted to recover ongoing collection and recovery costs (their further administrative expenses) for each year that the Crossrail BRS is levied, subject to any limits which may be prescribed by the relevant BRS regulations i.e. the Business Rate Supplements (Administrative Expenses) (England) Regulations 2010 (the 'administrative expenses' regulations).
- 4.28 Billing authorities' further administrative expenses for the seventeenth year of the BRS (2026-27) will equate to 0.15 per cent of the BRS income collectable by the GLA (provisionally estimated at £0.488 million across all 33 authorities) gross of its assumed provisions for valuation losses as prescribed by the administrative expenses regulations. For 2026-27, it is proposed that no billing authority receives a collection allowance below £7,500 to provide additional capacity to those authorities with low BRS taxbases while also recognising their fixed costs relating to completing the required statutory returns and managing the associated accounting issues. The marginal additional costs of this floor – equating to c£35,000 – which benefits the 16 authorities with the smallest BRS taxbase will be absorbed by the GLA. Billing authorities deduct any ongoing collection costs from the sums they pay to the GLA during the course of the financial year in equal monthly instalments.
- 4.29 Under section 18 of the BRS Act the GLA is required to issue a formal notification to each billing authority setting out the final policies, including the information specified in the BRS Act, for the BRS by 1 March although in practice this must be published by early February to facilitate annual billing. This will enable billing authorities to make the necessary arrangements for the inclusion of the BRS on 2026-27 rates bills which are due to be circulated to ratepayers during February and March 2026.
- 4.30 The proposed notification is contained at Appendix A to this decision and includes a proposed explanatory note for non-domestic ratepayers at Annex F to that appendix. At the discretion of each billing authority this will either be circulated to all non-domestic ratepayers in London as part of the communications supplied with their initial rates bill for 2026-27 or alternatively made available for inspection on that authority's website. It will also be placed on the Crossrail BRS homepage on the GLA website: [www.london.gov.uk/crossrail-brs](http://www.london.gov.uk/crossrail-brs). In this decision, the Mayor is asked to authorise the Chief Finance Officer to issue a notification to the 33 London billing authorities as required by section 18 of the BRS Act as set out in Appendix A.

*Risks*

- 4.31 The potential risks associated with the BRS were addressed in the final prospectus published in January 2010. Section 9 of the final prospectus addressed the implications for the BRS of the Crossrail project being delayed or the costs increasing above those budgeted and set out the circumstances under which the BRS policies may be varied.
- 4.32 Section 10 of the BRS Act as amended by the Localism Act 2011 (and due to statutory savings within applicable to an existing BRS) exempts the Mayor from having to hold a ballot of ratepayers to approve variations made outside the scope of the prospectus. This is because the Crossrail BRS was introduced prior to the BRS Act being amended via the Localism Act 2011. This added a requirement for ratepayer ballots to be held prior to the implementation of all future business rates supplements (and any variations to them) in England. This limits the risk associated with a potential challenge if a change to the BRS policies is made which cannot be justified within these parameters. In any case, however, should such an eventuality arise a revised prospectus would need to be published and consulted on before any changes could be made. As is identified at paragraph 4.10

above, the GLA considers that no variations outside the scope of the final prospectus have been made since the BRS was introduced or arise as a result of this Decision.

- 4.33 The GLA contributed £6.929 billion towards the Crossrail project using BRS and MCIL revenues between 1 April 2010 and 31 March 2025. The final payments taking the total to £6.942 billion will be made by 31 March 2026. No additional contributions will be required from the GLA.
- 4.34 The final prospectus assumed the BRS would run for a period of 24 to 31 years (i.e. ranging from an end date of 2033-34 to 2040-41) and raise no more than £8.1 billion. These prospectus assumptions remain valid as the financing and repayment of the GLA's contributions to the Elizabeth line project is not expected to result in either the BRS being extended beyond the current 2041 latest possible end date envisaged or the GLA having to raise more than £8.1 billion through it. As the tax policies, collectable amount and duration remain unchanged there is therefore no variation to the BRS itself. In the event that these circumstances change the Mayor will consider the case for issuing a revised prospectus for consultation prior to approving the tax policies for the subsequent financial year.

#### *Application of BRS revenues in 2026-27*

- 4.35 The GLA is forecast to incur £111 million in financing costs on its estimated outstanding Crossrail related borrowing during 2026-27. This is being financed via the BRS and MCIL and the GLA will set aside the balance of the revenues raised from those two sources to repay its remaining c£3.6 billion Crossrail debt and associated administration costs. The successful ongoing implementation and administration of the Crossrail BRS and MCIL is critical therefore to the GLA's medium-term planning.
- 4.36 The GLA is actively managing its Crossrail debt portfolio and monitoring its BRS revenues from London billing authorities to ensure the risks to the GLA budget arising from this are mitigated. As identified above the GLA will also set aside a proportion of the expected BRS revenues for 2026-27 to manage future risks in relation to valuation and collection losses. It is estimated that by 31 March 2027 around £4.0 billion of BRS revenues will have been collected since the supplement was introduced in 2010-11.

#### *Conflicts of interest*

- 4.37 No conflicts of interest have been identified for anyone involved in drafting or clearing this Mayoral Decision.

## **5. Financial comments**

- 5.1 The income raised through the Crossrail BRS in the 2026-27 financial year net of billing authority administrative expenses and rating reliefs is estimated at this stage to be £289.6 million, after an allowance for collection and valuation losses and any mandatory and discretionary reliefs.
- 5.2 Around £111 million of the combined BRS and MCIL revenues raised in 2026-27 are expected to be used to finance the GLA's estimated interest costs with the balance applied to repay its Crossrail debt. The actual sums collectable in 2026-27 from the BRS taking into account reliefs and losses on collection will be forecast by London billing authorities before the end of March 2026. The GLA currently expected to repay around £250 million of its outstanding Crossrail debt using MCIL and BRS revenues in 2026-27.
- 5.3 In line with the final prospectus it is estimated that the BRS for the Crossrail project will run for a period of 24 to 31 years with an end date no later than 31 March 2041 and raise no more than £8.1 billion to finance and repay debt and/or provide a direct contribution towards the Crossrail project construction costs.

## **6. Legal comments**

- 6.1 The GLA was granted the power to levy a Business Rate Supplement (BRS), for purposes such as Crossrail, under section 1 of the BRS Act. The BRS Act provides that the 32 London boroughs and the Common Council of the City of London – as the billing authorities for national non-domestic rates in the capital – are required to collect the Crossrail BRS.
- 6.2 The GLA introduced the Crossrail BRS, commencing in April 2010, in accordance with the provisions of the BRS Act.
- 6.3 The final prospectus (required under the BRS Act) published in January 2010 set out the proposed policies for the Crossrail BRS in more detail. In preparing those policies the GLA had regard to the BRS Act and the relevant applicable secondary legislation.
- 6.4 The GLA is required to comply with the requirements of the above-mentioned legislation and ensure consistency with the policies contained in the final prospectus when setting the policies that will apply to the Crossrail BRS in 2026-27.
- 6.5 The GLA is required to issue a formal written notification under section 18 of the BRS Act to the 33 billing authorities in London, authorising them to collect a BRS on its behalf. This report asks the Mayor to agree to this formal notice being issued. The proposed text for the section 18 notice – including supporting Annexes and the ratepayer communication – is set out at Appendix A. The Mayor is asked to authorise the Chief Finance Officer to issue this notice within applicable statutory time limits. Under section 38(1) of the Greater London Authority Act 1999, the Mayor may authorise a GLA member of staff to exercise functions exercisable by the Mayor on behalf of the GLA.

## **7. Planned delivery and next steps**

- 7.1 The 2026-27 BRS policies will be formally notified to billing authorities through the issuing of the section 18 notice required under the BRS Act. The statutory deadline for issuing this is 1 March but in practice this must be issued by the end of January 2026 in order that they can make the necessary arrangements for annual billing including testing. Those authorities will then issue bills to ratepayers during February and March 2026 for 2026-27 on which the Crossrail BRS liability due, if applicable, will be set out.
- 7.2 Billing authorities are required to provide forecasts of the actual income they expect to collect in 2026-27 by 31 March 2026. These forecasts will represent the instalments paid to the GLA during the year net of a 5 per cent contingency as required by the BRS regulations. The actual amounts collected in 2026-27 will be confirmed by billing authorities by 30 April 2027 after which a reconciliation payment adjustment will be made by the end of June 2027.

### **Appendices:**

Proposed Section 18 Notice Under the BRS Act 2009 to the Director of Finance/Borough Treasurers of the 32 London Boroughs and the Chamberlain of the City of London Corporation (Appendix A)

### **Background/supporting papers:**

Proposal to levy a business rate supplement to finance the Greater London Authority's contribution to the Crossrail project – Initial prospectus' (GLA July 2009) – available at [www.london.gov.uk/crossrail-brs](http://www.london.gov.uk/crossrail-brs)

'Intention to levy a business rate supplement to finance the Greater London Authority's contribution to the Crossrail project – Final prospectus' (GLA January 2010) – available at [www.london.gov.uk/crossrail-brs](http://www.london.gov.uk/crossrail-brs)

MD2702 – Additional funding for Crossrail

MD3333 – Crossrail Business Rates Supplement - Final Policies for 2025-26



## Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

## Part 1 - Deferral

**Is the publication of Part 1 of this approval to be deferred? NO**

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

## ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

### Drafting officer:

Martin Mitchell has drafted this report in accordance with GLA procedures and confirms the following:

✓

### Sponsoring Director:

Fay Hammond has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

### Mayoral Adviser:

David Bellamy has been consulted about the proposal and agrees the recommendations.

✓

### Advice:

The Finance and Legal teams have commented on this proposal.

✓

### Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 12 January 2026.

## CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**

*Fay Hammond*

**Date:** 12/1/2026

## CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature**

*D. Bellamy*

**Date** 12/1/2026