

Mayor's Final Draft Consolidated Budget 2026-27 Report

PART 1

1. Summary

- 1.1 This report presents the Mayor's Final Draft Consolidated Budget ("Final Draft Budget") proposals for the Greater London Authority (GLA) and its functional bodies (collectively the "GLA Group bodies") for the financial year 2026-27, for consideration by the London Assembly on 26 February 2026. These are presented in Part 2 of this report.
- 1.2 The Final 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 Final Draft Budget. Section 3 summarises the GLA Group budget process.
- 1.4 Building on the proposals set out in the [Mayor's Draft Consolidated Budget for 2026-27](#) ("Draft Budget") published in January, this Final 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 Draft Budget.
- 1.5 The list of changes compared with Draft Budget includes details on the available business rates funding – uncertainty meant that only £31 million of funding was deemed secure for allocation in the Draft Budget. Information received since then confirms that the GLA Group will be in a 'safety net' position in 2026-27, relying on £43 million of one-off direct government support to achieve the Group's Baseline Funding Level. Combined with surpluses achieved on collection funds and the impact of transitional arrangements, most of the additional business rates income can only be allocated on a one-off basis. Therefore, while £135 million in business rates funding is available for allocation in 2026-27, only £12 million of that is on a recurring basis.
- 1.6 Equality, legal and financial comments are provided in sections 5, 6 and 7 respectively.

2. Recommendation

2.1 That the Assembly approves, without amendment:

- the Mayor's Final 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 £1,667,010,965.01 (as detailed in Appendix J of Part 2)

2.2 Following the London Assembly Plenary on 29 January 2026, where no amendments to the Mayor's draft consolidated budget proposals were passed, this Final Draft Budget confirms the Mayor's proposed increase in the policing element of 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 final draft consolidated council tax requirement is composed of the following:

Constituent body	Council tax requirement £
Greater London Authority: Mayor of London (GLA: Mayor)	70,581,187.70
Greater London Authority: London Assembly (GLA: Assembly)	2,846,807.29
Mayor's Office for Policing and Crime (MOPAC)	1,089,861,688.88
Transport for London (TfL)	252,253,303.64
London Fire Commissioner (LFC)	251,467,977.50
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	1,667,010,965.01

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, functional bodies, the 33 London billing authorities, Business Improvement Districts and other representative bodies in London for comment.
- 3.5 The Mayor considered the outcomes and recommendations from the consultation process, and published his [Draft Budget](#), including Draft Capital Spending Plan, on 15 January 2026 for consideration by the London Assembly on 29 January.
- 3.6 Responses from the Assembly received after the consultation period ended on 4 January have been considered in this Final Draft Budget, published on 18 February 2026 for consideration by the London Assembly on 26 February.
- 3.7 Following the London Assembly’s approval of council tax precepts on 26 February 2026, the Mayor will be asked to confirm the Final Budget and Capital Spending Plan and notify London’s billing authorities of the final Band D precept and council tax requirement. Based upon these, each GLA Group body will then produce and approve its own final budget by the end of March 2026.

4. Final Draft Budget proposals

- 4.1 The GLA Group Budget sets out how the Mayor will fund his plans to continue building a fairer, safer, greener and more prosperous London for everyone.
- 4.2 The Mayor's Budget ensures investment to: reduce crime; tackle violence against women and girls; build more affordable homes; support renters; reduce street homelessness; grow our economy; improve our transport network; ensure Londoners have the skills they need to succeed; and keep London as a world-leader in reducing air pollution, cleaning up our rivers and tackling the climate crisis. In addition, the Mayor's Universal Free School Meals programme will be funded from within the GLA: Mayor budget, which will be on an on-going basis.
- 4.3 Keeping Londoners safe is the Mayor's top priority, which is why his Budget provides record funding for the police, with more than double the investment in policing from City Hall compared to when he first became Mayor. In particular, the Mayor is providing additional funding to tackle phone theft, which will support targeted action to dismantle phone theft gangs.
- 4.4 The Mayor also continues to be focused on being tough on the complex causes of crime. 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. This Budget continues to fund crime prevention measures and allocates additional funding to provide further support for young Londoners at risk of getting involved in crime and gangs.
- 4.5 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 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.
- 4.6 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.
- 4.7 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.
- 4.8 The Mayor's 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 other major housing schemes across its landholdings.
- 4.9 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.

- 4.10 The Mayor's Budget also includes funding 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.
- 4.11 As well as ensuring the GLA Group protects and invests in vital public services, the Mayor's Budget continues to target resources where they can make the biggest difference to Londoners. This includes investing in green projects to continue leading the way in tackling the climate crisis, reducing air pollution and cleaning up our rivers. The Mayor's Budget incorporates a Climate Budget, setting out how the GLA Group's spending is linked to the Mayor's ambition to make London net zero by 2030.
- 4.12 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.

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

- 4.13 No amendments to the Draft Budget were passed by the London Assembly in the Plenary held on 29 January 2026 and therefore no statement is required.

Funding changes since the Draft Budget

- 4.14 This Final Draft Budget takes account of changes to funding assumptions for the GLA Group due to:
- receipt of London billing authorities' council tax and business rates estimate returns, which were due at the end of January 2026
 - the final [Local Government Finance Settlement for 2026-27 to 2028-29](#) ("LGFS"), published on 9 February 2026 by the Ministry of Housing, Communities and Local Government ("MHCLG")
 - the final [Police Funding Settlement \(England and Wales\) 2026-27](#) ("Police Settlement"), published on 28 January 2026 by the Home Office
 - changes in the allocation of reserves.
- 4.15 The following table presents a summary of the additional Mayoral funding allocated in this Final Draft Budget compared to the Draft Budget:

Sources of additional Mayoral funding allocated in the Final Draft Budget	2026-27 £m
<i>Council tax returns:</i>	
Council taxbase increase, compared to previous assumption	2.1
Council tax collection fund surplus	6.4
Change in funding from council tax returns	8.5
<i>Business rates returns:</i>	
Business rates income recognised	107.5
Business rates collection fund surplus	27.4
Change in funding from business rates returns	134.9
<i>Final Police Settlement:</i>	
Core Police and other grants, compared to previous assumption	(32.2)
Change in funding from Police Settlement	(32.2)
<i>Allocation of reserves:</i>	
GLA Group: Business Rates Reserve	18.9
GLA Group: Mayoral Development Corporation reserves	12.5
Change in funding from reserves	31.4
Total change in funding allocated	142.6

Council tax returns

Change in council taxbase

- 4.16 The GLA must use the taxbase estimates provided by billing authorities to determine the Group's statutory council tax calculations and to set the budgeted council tax requirements for the GLA Group bodies. For 2026-27, billing authorities are forecasting that the overall council taxbase will grow 1.24 per cent compared with 2025-26. The Draft Budget had assumed a lower growth rate of 1.10 per cent. As a result of this higher forecast, an additional £2.1 million in funding is now available.

Council tax collection fund surplus

- 4.17 Billing authorities also provided figures for the GLA's share of the estimated surplus or deficit in their council tax collection funds for 2025-26 and previous years. Based on these submissions, the GLA's share of the one-off net estimated surplus is £6.4 million.

Business rates returns

Business rates income estimate

- 4.18 All billing authorities have submitted their statutory returns, providing forecasts of business rates income for 2026-27 and updated estimates for 2025-26. Following the GLA's analysis of these returns, the level of funding available for allocation in 2026-27 is now assessed to be equal to the GLA's Baseline Funding Level (BFL). The Chief Finance Officer (CFO) has therefore determined that the £107.5 million of revenues not recognised in the Draft Budget should be made available for allocation.

- 4.19 The returns show that the GLA share of retained business rates will be £43.4 million lower than the BFL set by government, meaning the GLA will be in a safety net position in 2026-27. Following representations from the GLA, MHCLG has confirmed that, in 2026-27, all of the GLA's BFL is covered by the safety net guarantee (£3.05 billion in 2026-27). This is a significant increase from previous arrangements, where the safety net guarantee only applied to 92.5 per cent of the GLA's Settlement Funding Assessment and that excluded rolled-in TfL investment grants (safety net estimated at £1.28 billion for 2025-26). Therefore, included in the recognised revenues amount above, is an expected safety net payment from government of £43.4 million.
- 4.20 The lower forecast of business rates income by billing authorities means that the business rates taxbase is reduced in future years. Combined with the ending of transitional arrangements at the end of the multi-year settlement period, this means that only £12.0 million of the additional £107.5 million recognised in this Final Draft Budget can be considered as recurring funds; the balance of £95.5 million is considered as one-off funding and can only be allocated on that basis.

Business rates collection fund surplus

- 4.21 Billing authorities also provided figures for the GLA's share of the estimated surplus or deficit in their business rates collection funds for 2025-26 and previous years. Based on these submissions, the GLA's share of the one-off net estimated surplus is £27.4 million.

Final LGFS

- 4.22 Other than the change relating to the business rates safety net referenced above, the final LGFS confirmed the information that was set out in the provisional LGFS and was included in the Draft Budget. Therefore, there are no resulting changes to include in the Final Draft Budget.

Final Police Settlement

- 4.23 The final Police Settlement awarded a total of £2,901.4 million to MOPAC in Home Office grants for 2026-27, an increase of £11.5 million (for Neighbourhood Policing) compared with the provisional Police Settlement, and £122.7 million compared with the equivalent figures for 2025-26. In addition to core and legacy grants, the award for 2026-27 includes £248.7 million for National and International Capital City (NICC) grant and £81.1 million for Neighbourhood policing.
- 4.24 In addition to the main Police Settlement grants award, the Home Office will also provide MOPAC with £20.0 million in one-off exceptional funding. While some nationally distributed special grants are still to be announced, the final Police Settlement represents a net reduction of £32.2 million compared with the planning assumptions included in the Draft Budget for 2026-27.
- 4.25 The Mayor and the Commissioner have made proposals to the government on how a separate emerging funding stream could be used to offset this reduction, balancing the Metropolitan Police Service (MPS) budget without the need for further one-off funding in future. The outcome of these discussions will determine what, if any, measures MPS will need to implement to close this gap and balance its budget in later years. An update will be provided in MOPAC's final budget, published in March.
- 4.26 Included within the Neighbourhood policing total above, grants of £35.4 million were included in the 'Unringfenced government grants' figure in the Draft Budget. The Police Settlement confirmed there are conditions attached to those funds, and consequently they have been reclassified as specific grants in MOPAC's budget tables.

Allocation of reserves

- 4.27 The business rates safety net level for the GLA in 2026-27 is 100 per cent of the BFL. Based on current information, it is prudently assumed to fall to 97 per cent in 2027-28 and 92.5 per cent in 2028-29. The CFO has determined that the target balance for the Business Rates Reserve (BRR) should therefore be based on the 92.5 per cent threshold the safety net will return to by 2028-29, enabling £18.9 million to be released from the BRR.
- 4.28 The GLA Group holds earmarked reserves for use by the Mayoral Development Corporations. The CFO has reviewed the balances held and has determined that £12.5 million can be released from MDC reserves for reallocation across the GLA Group. This includes £5.7 million of in-year business rates allocations previously planned for transfer into the MDC reserves which can now be released for other purposes.

Application of additional funding since the Draft Budget

- 4.29 The following measures are proposed to support the Mayor's priorities:
- further support for young Londoners
 - further action to tackle rough sleeping in the capital
 - action to help tenants living in unacceptable conditions
 - investment to support Londoners to enjoy the city's waterways
 - funding to take forward recommendations from the AI taskforce
 - work to encourage greater levels of visitors to and investment in London, to increase jobs and economic growth
 - further support for our high streets and the hospitality sector, including through the strategic licensing pilot
 - expanding City Hall's work to support Londoners to claim the benefits they are due
 - funding to secure more major events in London, boosting our economy
 - measures to build on recent progress tackling mobile phone theft
 - investment to tackle violence against women and girls (VAWG), including to address safety concerns in specific areas
 - funding to trial further fares innovation as we continue to work to grow passenger numbers and London's economy.
- 4.30 The following table details the changes compared to the Draft Budget.

Application of additional Mayoral funding in the Final Draft Budget	2026-27 £m
<i>GLA: Mayor:</i>	
Supporting young Londoners	50.0
Tackling rough sleeping	8.0
Supporting tenants	3.0
Swimmable London	5.0
AI taskforce recommendations	20.0
Increasing investment and tourism	8.3
Support for high streets and the hospitality sector	5.0
Tackling financial hardship	2.0
Major events fund	20.0
Total GLA: Mayor	121.3
<i>MOPAC:</i>	
Tackling mobile phone theft	4.5
Action against VAWG	29.0
Increase in centrally-held savings to be allocated	(32.2)
Total MOPAC	1.3
<i>TfL:</i>	
Fares innovation	20.0
Total TfL	20.0
Total funding	142.6

Other changes since the Draft Budget

- 4.31 In the Draft Budget, GLA: Mayor committed to a savings programme of £15.5 million in 2026-27, and this has now been allocated across the GLA: Mayor budget. In addition, the impact of GLA: Mayor's ongoing review of available reserves to fund one-off or time-limited items, and updated treasury forecasts for investment income are reflected in the Final Draft Budget.
- 4.32 London Stadium capital expenditure of £11.0 million was previously included as funded from GLA Group revenue reserves but the expenditure was not included in the GLA: Mayor budget; this has now been recognised in the Final Draft Budget.
- 4.33 For MOPAC and the MPS, the indicative budgets for later years have been updated to set out the expenditure required to maintain MPS staffing at same the level as the beginning of 2026-27. Assuming that workforce levels are maintained, one-off government grants and MPS savings do not recur, and allowing for emerging cost pressures, savings to be identified in future years would increase to £125.2 million in 2027-28 and £145.3 million in 2028-29. Should any savings delivered in 2026-27 be determined as recurrent, this will reduce the savings to be identified in 2027-28 and 2028-29.
- 4.34 Council tax increases are limited to the maximum threshold in the [Referendums Relating to Council Tax Increases \(Principles\) \(England\) Report 2026 to 2027](#). To provide an amount equivalent to the non-police precept increase to MOPAC without breaching the maximum threshold, an equivalent amount of business rates funding has been allocated to MOPAC with a corresponding reduction in business rates for the non-police council tax receiving GLA Group bodies.

Crossrail business rates supplement (BRS)

- 4.35 On 26 November 2025, the Valuation Office Agency (VOA) published its [national business rates revaluation draft list](#). The draft list informs the estimates for Crossrail BRS income, which is ring-fenced to fund the Elizabeth Line's (formerly Crossrail) financing and debt repayment. The estimates were not updated in the Draft Budget, pending notification of changes to the list. Since no further revisions have been announced, the income estimates have now been updated in this Final Draft Budget. The VOA's revaluation would result in an increase of £60.2 million in the projected income.
- 4.36 On 13 January 2026, the Mayor approved the Crossrail BRS policies for 2026-27 via [MD3465](#). The rateable value threshold at which the Crossrail BRS applies will rise from £75,000 to £92,000 to reflect the national business rates revaluation taking effect on 1 April 2026. All other policies – including the 2 pence multiplier – are unchanged from 2025-26. As a result of the higher threshold, fewer than 14 per cent of London's business and other non-domestic premises are expected to pay the Crossrail BRS in 2026-27. Those no longer liable are expected to save a total of £10.5 million in 2026-27. The net increase in income ring-fenced to repay Crossrail debt is therefore £49.7 million.
- 4.37 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 eight 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 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 eight 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").
- 6.10 The requirements at the draft consolidated budget stage were set out in the papers for that stage, which are available and were published on 15 January 2026.

Final draft budget stage

- 6.11 Under paragraph 6(1) of Schedule 6 the Mayor shall "*prepare a final draft of his proposed consolidated budget for the financial year (the "final draft budget")*" after the draft consolidated budget has been approved (with or without amendment).
- 6.12 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*".
- 6.13 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).
- 6.14 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*".

- 6.15 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?

- 6.16 The Assembly’s power to amend the Final Draft Budget (i.e. to make a budget amendment) is limited to making changes to the figures required to be calculated under section 85 (4) to (8) of the GLA Act (“the statutory calculations”) in respect of each of the eight 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).
- 6.17 At the Final Draft Budget meeting the Assembly may successfully amend the statutory calculations for any constituent body in the Final Draft Budget by a two-thirds majority of Assembly members present and voting, i.e. ignoring abstentions and absentees.
- 6.18 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).
- 6.19 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

- 6.20 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

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

Amendment of underlying budget lines

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

Mayor's failure to present a Final Draft Budget

- 6.23 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).
- 6.24 This should not apply as the Mayor proposes presenting the Final Draft Budget to the Assembly in this report on 18 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

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

Assembly failure to approve a final draft budget by end of February

- 6.26 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 Final 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 in this section below.
- 7.4 The GLA's CFO notes that the 2026-27 budget is balanced, acknowledging the commitment by GLA Group bodies to identify further savings and additional funding 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 information available to the GLA about budget pressures and the resources available to meet them.
- 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 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 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.

Chief Finance Officer statements on reserves

Greater London Authority

- 7.11 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.
- 7.12 In addition to a number of earmarked and interest risk reserves, the GLA: Mayor holds a general reserve of £10 million which equates to 2.7 per cent of the net expenditure. The overall budget does not include any contingency budgets. A review of GLA: Mayor reserves has been progressed and this will be updated in the final GLA: Mayor budget published in March.
- 7.13 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. 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 and Expenditure assumptions:** the budget for future years 2027-28 and 2028-29 is based upon a number of funding and spend assumptions. Whilst care has been taken to ensure these are reasonable and prudent, in the absence of a multi-year settlement it is extremely likely that these will require updating when the draft 2027-28 and 2028-29 budgets are published.
 - **Savings to be identified:** 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 £125.2 million of savings to be identified in 2027-28 and £145.3 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 £85.8 million to £128.7 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 Chief Finance Officer'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 £85.8 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 fares 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 year of 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.

Final 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 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 £0.865 million or 1.24 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 £2.847 million.
- 7.28 The Mayor's proposed council tax requirement for the Assembly is £2.847 million. 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 1.24 per cent in line with the corresponding assumed uplift in the London 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 in the GLA Act.
- 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 (OM) is the adjusted notional council tax requirement for the Mayor for 2025-26
 - 'New' Mayor (NM) is the adjusted proposed council tax requirement for the Mayor for 2026-27
 - 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	70,581,188
Adjustments: None	Nil
Adjusted council tax requirement for the Mayor for 2026-27 (NM)	70,581,188
Notional council tax requirement for the Mayor for 2025-26	69,715,823
Adjustments: None	Nil
Adjusted council tax requirement for the Mayor for 2025-26 (OM)	69,715,823
Change in adjusted council tax requirement	865,365
Percentage change	1.24%

GLA: Assembly: calculation of council tax requirement	£
Notional council tax requirement for the Assembly for 2025-26	2,811,904
Adjustments: 1.24% change in NM compared with OM	34,903
Adjusted council tax requirement for the Assembly for 2026-27	2,846,807

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 the GLA to notify London’s 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 – Final 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](#)

[Mayor’s Draft Consolidated Budget 2026-27 - Part 1 Report](#)

[Mayor’s Draft Consolidated Budget 2026-27 - Part 2 Budget](#)

Contact Information

Contact Officer:	Elliott Ball, Director - Group Finance and Performance
E-mail:	Elliott.ball2@london.gov.uk