GREATER**LONDON**AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2836

Title: Allocation of Council tax and business rates income maximisation funding and associated support to the 33 London billing authorities for the 2026-27 to 2028-29 financial years

Executive Summary:

In 2026-27, the 32 London boroughs and the Corporation of London (the 33 local billing authorities) are due to collect over £6 billion of revenues on behalf of the Greater London Authority (GLA) through the Mayor's council tax precept, business rates and the Elizabeth line Business Rates Supplement (BRS).

In Mayoral Decision 3458 published on 18 December 2025 the Mayor delegated authority to the Chief Finance Officer to allocate funding for projects intended to these revenues across the 33 London billing authorities for the 2026-27 to 2028-29 financial years. He also delegated authority to the Chief Finance Officer to enter into contractual agreements with each of the 33 London billing authorities to confirm this funding. The total budget for these projects (net of recharges to the Elizabeth Line BRS Revenue Account) was set at £11.4 million in 2026-27, £11.6 million in 2027-28 and £11.9 million in 2028-29. This Director's Decision seeks approval for the proposed allocation of this budget. The funding is matched by contributions from each authority having regard to their shares of the additional revenues generated.

In Mayoral Decision 3458 the Mayor also approved the GLA making a pro rata contribution towards the costs of local discretionary council tax discounts awarded under section 13A(1)(c) of the Local Government Finance Act 1992 on a consistent basis across all 33 local authorities within this funding envelope from 2026-27 to 2028-29. This Director's Decision seeks approval for the provisional allocation of the funding for the GLA's share of these costs.

Decision:

That the Chief Finance Officer approves for the 2026-27 to 2028-29 financial years:

- the proposed budgeted allocation of funding for council tax and business rates income maximisation projects and funding for council tax hardship schemes as set out in Appendix A.
- the provisional allocation of the funding for the GLA's share of the costs of discretionary council tax discounts awarded under section 13A(1)(c) of the Local Government Finance Act 1992 set out in Appendix B for 2026-27 to 2028-29, and calculated in, accordance with Mayoral Decision 3458. This is based on the estimated costs submitted by each billing authority in January 2026
- that any sums currently unallocated from the total budget approved in MD3458 (after allowing for administration costs and the recharge to the BRS revenue account) be set aside to fund other related projects which may be agreed with billing authorities.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities. It has my approval.

Name: FAY HAMMOND **Position:** CHIEF FINANCE OFFICER

Date: 16 November 2026

Signature Fay Hammond

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

1.1. In 2026-27, the GLA is forecast to receive £6.1 billion in revenues through council tax, retained business rates and Elizabeth line business rate supplement. The largest element of this is the £4.1 billion the GLA is forecast to receive under the business rates retention scheme from the estimated 315,000 non-domestic ratepayers in London – in line with its 37 per cent share of the total tax take. Of this sum around £1.1 billion is budgeted to be paid to the government as a tariff to fund local services elsewhere in England. The GLA will also receive around £1.7 billion through the Mayor's council tax precept on the 3.8 million band D equivalent domestic properties in London. A further £300 million – is forecast to be received in respect of the Crossrail Business Rate Supplement (BRS) payable by ratepayers of the estimated 41,000 assessments on the local rating list which have a rateable value exceeding £92,000.

1.2. The GLA receives these revenues directly from the 33 London billing authorities (the 32 boroughs and the City of London Corporation) who are responsible for collecting and enforcing each tax. It is therefore dependent on their forecasts and collection rates as well as their ability to minimise the levels of arrears and avoidance measures for the income it ultimately receives. Billing authorities also have the statutory powers to formally submit proposed amendments to the domestic and non-domestic rating lists through the Valuation Office Agency (VOA) - the statutory body with responsibility for valuation in England and Wales - where errors or omissions have been identified or properties have been incorrectly valued. Billing authorities also determine the council tax support (benefit) schemes to support low income and vulnerable households and award discretionary discounts under section 13A(1)(c) of the Local Government Finance Act 1992 to certain key groups such as care leavers. It is therefore desirable that the GLA contributes towards the costs of these activities in proportion to the additional revenues it secures and/or the associated costs incurred – particularly at a time when many London boroughs are experiencing significant budgetary and financial challenges.

1.3. Mayoral Decision 3458, signed in December 2025:

- approved that the budget for council tax for council tax and business rates income maximisation projects (net of recharges to the ringfenced Crossrail Revenue Account) be uprated by inflation each year compared to the 2025-26 approval of £11 million and be set at £11.4 million in 2026-27, £11.6 million in 2027-28 and £11.9 million in 2028-29

- delegated authority to the Chief Finance Officer to allocate the approved council tax and business rates income maximisation budget and enter into contractual agreements with each of the 33 London billing authorities until 2028-29 providing them with multi-year funding certainty

1.4. This Decision, made in accordance with the above delegation, confirms the proposed budgeted allocation of this funding for 2026-27 with indicative allocations for 2027-28 and 2028-29 which have been discussed and agreed with each billing authority.

1.5. Mayoral Decision 3458 also approved the GLA making a pro rata contribution towards the cost of local discretionary council tax discounts awarded under section 13A (1)(c) of the Local Government Finance Act 1992 on a consistent basis across all 33 local authorities within the overall funding envelope from 2026-27 to 2028-29. This Director Decision (DD2836) confirms and approves the provisional allocation of the funding for the GLA's share of the costs of discretionary council tax discounts awarded under section 13A(1)(c) of the Local Government Finance Act 1992, calculated in accordance with MD3458. The latter is based on the estimated costs submitted by each billing authority in January 2026 and will be updated to reflect actual outturn data for 2026-27 and the forecasts for 2027-28 and 2028-29 submitted in January 2027 and January 2028 respectively.

2. Objectives and expected outcomes

2.1 The proposed funding for income maximisation projects reflects bids requested from submitted by Revenues and Benefits leads in each billing authority. All authorities have been actively encouraged to submit requests for additional funding through the appropriate stakeholder groups. The GLA's funding is matched by the billing authority in a way which is broadly proportional to the shares of additional revenues which will be generated or the costs incurred (i.e. the Band D council tax shares for the GLA precept, a 37 per cent GLA to 30 per cent billing authority relative share for business rates work and a 100 per cent GLA share for the Elizabeth line BRS).

2.2 Funding can therefore vary by authority depending on the historic funding bids they have submitted, relative deprivation levels impacting collection rates, the size of the taxbase and potential for growth which can vary significantly for business rates, responding to specific local challenges such as changes to council tax support schemes or managing significant taxbase growth and the resources more generally invested locally in maximising revenues. These projects are intended to supplement any permitted collection allowances they may deduct for business rates by the government and under secondary legislation for the BRS in relation to their statutory responsibilities. In 2024-25 and 2025-26 based on the claims submitted by the 33 local billing authorities it is estimated that for each £1 invested in these projects the GLA benefitted from around £7 in additional revenues. The budgeted allocations for 2026-27 set out for approval in this Decision are intended to ensure that each authority receives at least the same allocation in cash terms in 2026-27, 2027-28 and 2028-29 as they did in 2025-26 excluding the transitional targeted funding for council tax hardship schemes.

2.3 The funding for 2026-27 to 2028-29 will be applied as follows:

- funding property inspection work – including contractors and directly employed staff – across all 33 local authorities. This will focus on ensuring the accuracy of the local domestic and non-domestic valuation list including in relation to new developments and properties subject to redevelopment or enhancement. Inspectors help maximise cash flow by ensuring the valuation list is updated promptly when new developments are completed and redeveloped and empty properties are reoccupied or brought back into use

- providing match funding for local council tax hardship schemes on a time-limited basis to London boroughs which have made material savings since 1 April 2024 in the cost of their working age council tax support schemes by requiring vulnerable and low income households to increase the share of their bill which they are required to pay. These boroughs have typically reported large increases in council taxbases as a result (reflected in higher budgeted allocations across the GLA Group) meaning there is an increased collection risk which could lead to potential future deficits and thus a clawback of funding already paid to the GLA. This hardship funding targets support on a transitional basis to the most vulnerable households to provide them with additional time to adjust to their increased payments and therefore maximise overall collection rates. This funding helps secure the uplift in revenues ultimately due to the GLA and the billing authority.

- supporting council tax and/or business rates arrears work delivered using ethical collection methods including funding debt and welfare advice services where authorities have requested this. Currently this support has been taken up by the majority of billing authorities and allows additional staff to be employed and new systems to be deployed to allow more ethical, personalised, proactive and targeted engagement with taxpayers in arrears – including ensuring they claim any welfare benefits which they may be entitled to

- allocating targeted and focused funding on request to those authorities with the highest potential for growth in their business rates taxbases in order to maximise gains for the GLA – including backdated sums for prior years - or which are experiencing significant associated collection challenges

- employing external contractors who are experts in rating and valuation to identify errors or omissions on the non-domestic rating list which can then be addressed and reported to the Valuation Office where this has been requested by a billing authority. This work is typically undertaken on a contingent fee basis and therefore the final level of expenditure is proportional to the missing rateable value identified and corrected on the rating list. Unless an uplift is achieved no costs are therefore incurred. Typically the GLA receives additional revenues equivalent to at least five times the investment from such projects in the first year alone – a figure which can be considerably greater if there is any prior year backdating.

2.4 In addition, the income maximisation funding may also be applied for the following purposes:

- confirming premises are being used for the purpose stated on the rating list e.g. for commercial or residential purposes, including whether these premises are empty or capable of beneficial occupation

- ensuring the redevelopment, refurbishment, extension and/or reconstitution of properties is correctly recorded and reported

- identifying specific high-risk, high-value assessments in certain sectors which may have been omitted from the valuation list or are materially undervalued

- advising business ratepayers of their eligibility for any reliefs or discounts they may be entitled to (e.g. small business rate relief, the new discounted retail, hospitality and leisure multipliers and for council tax single person discounts) – while also ensuring that fraudulent claims for reliefs or exemptions are identified and addressed (e.g. in relation to empty and second homes premiums for council tax and charitable and empty property relief for business rates).

2.5 The proposed allocations of funding for council tax and business rates income maximisation projects and targeted funding for council tax hardship schemes for 2026-27 (including and excluding agreed carry forwards of unused funding from 2025-26) - with indicative allocations for 2027-28 and 2028-29 - are set out in Appendix A. Should this Decision be approved the GLA will enter into funding agreements signed by the Chief Finance Officer which will be countersigned by the statutory section 151 officer (i.e. Chief Finance Officer) or their Deputy of each billing authority. This provides certainty to each billing authority over the minimum level of support they will receive.

2.6 The relevant sums are budgeted allocations and each authority will be required to submit a certified claim form towards the end of the financial year setting out their expenditure and key metrics confirming what has been achieved with the funding including the estimated additional revenues generated, the reduction in arrears achieved, level of payments made to vulnerable households or the improved collection rates secured. Any claims – as in previous years – would therefore be paid through an invoicing process.

2.7 The GLA is aware that some billing authorities are considering making material changes to their council tax support schemes from April 2027 which could result in increases in minimum contributions from some or all working age households up to as high as 50 per cent of their council tax liability. At least three boroughs already require minimum contributions of 50 per cent from some or all working age households. The resulting savings (i.e. additional revenues) from making local council tax support schemes less generous will also accrue pro rata to the GLA in line with Band D council tax shares. This additional revenue is of course dependent on the relevant local authority collecting the additional sums due and also having a transitional mechanism to support the most vulnerable households impacted. The GLA will consider extending council tax hardship or related support to additional authorities in 2027-28 and potentially 2028-29 where minimum contributions are higher than the London average or where material changes are being made to schemes in those years.

2.8 In relation to the GLA's share of the costs of discretionary council tax discounts awarded under section 13A(1)(c) of the Local Government Finance Act 1992 each billing authority was requested to supply an estimate in January 2026 for the 2026-27 financial year. The GLA's share was estimated to be c£2.1 million as set out in Appendix B. It was agreed that where authorities made direct payments to client groups (e.g. care leavers or foster carers) for their council tax costs rather than through a section 13a discount this could also be claimed for to ensure a consistent approach in support across London.

2.9 These estimated section 13a costs are recovered by billing authorities by a netting off against their council tax precept instalments during the year with a reconciliation process being undertaken through the following January's return to reflect the expected outturn position. As not all authorities were able to comply a full estimate (e.g. those making direct payments) in January 2026 a contingency of c£400,000 has been set aside for potential additional sums to be claimed resulting in a total budget of c£2.5 million in 2026-27. It is also proposed that £2.6 million be set aside in 2027-28 and 2028-29 to fund the GLA's share of section 13a costs.

2.10 After allocating the income maximisation and section 13a funding, the costs of administering the scheme and the apportionment of costs estimated to relate to the uplift in Elizabeth line BRS income it is estimated that £128,000 in 2026-27, £708,000 in 2027-28 and £1.36 million in 2028-29 remains unallocated from the approved budget. It is proposed that this be set aside to meet the costs of future potential projects and/or council tax hardship scheme contributions. A separate approval will be brought forward for any additional 2027-28 and/or 2028-29 funding allocations once relevant discussions have taken place.

3. Equality comments

3.1. Under section 149 of the Equality Act 2010 (the Equality Act), the GLA as a public authority must comply with the public sector equality duty (PSED) and must 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
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- foster good relations between people who share a relevant protected characteristic and those who do not

3.2. 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.

3.3. Consideration of the PSED is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken, to ensure that equalities impacts are kept under ongoing review.

3.4. There are no direct equality implications for the GLA arising out of this decision as any projects will be managed by the relevant London billing authority and any staff employed on the project will be recruited by them under their terms and conditions and any contract it enters into will be under the terms of its procurement code. Many Londoners with protected characteristics or those on the lowest incomes will benefit directly, however, from the funding and support provided. Each billing authority in undertaking the projects supported by the GLA should have regard to appropriate equality considerations in its role as a public authority under relevant legislation.

4. Other considerations

Key risks and issues

4.1. All income maximisation projects are expected to be self-financing with any up-front costs being offset by additional revenues generated over time whereas funding for debt/welfare advice, hardship schemes and section 13a costs will directly support payments to low income or vulnerable households or clients. Within the funding agreements that each billing authority will be bound by, the GLA will require them to identify the overall financial and related outputs and outcomes achieved including where measurable any additional revenues generated or outstanding debts recovered when the funding is drawn down.

Links to Mayoral strategies and priorities

4.2. The GLA will receive an estimated £5.8 billion a year from council tax and business rates income in 2026-27 and a further c£300 million in BRS income. Without these critical revenue streams the Mayor's wider strategies and priorities could not be delivered. The borough income maximisation funding generates additional resources to fund the Mayor's priorities.

Consultations and impact assessments

4.3. The income maximisation projects being funded are delivered by London billing authorities which have the statutory responsibility for collecting local property taxes. These revenues are collected having regard to primary and secondary legislation and established practices and protocols in place for the administration of council tax and business rates. These are subject to wider impact assessments and consultations by central government, the GLA and local billing authorities. No specific consultation issues arise.

Conflicts of interest

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

5. Financial comments

5.1. This proposed Decision is financial in nature as it relates to the primary funding sources for the GLA group's revenue expenditure excluding government grants and fares revenue. The GLA therefore has a direct financial interest in investing in projects which maximise council tax, business rates and BRS income.

5.2. The proposed allocations to billing authorities are in line with control totals set out in MD3458. The GLA's proposed annual contribution equates to less than 0.2 per cent of the £6.1 billion the GLA is expected to receive from business rates, council tax and the BRS in 2026-27 - and the level of funding proposed should be considered in this relative context.

6. Legal comments

6.1. The legal provisions conferring the authority on the Mayor to approve the decisions in Mayoral Decision MD3458 are contained in that Mayoral Decision. That Mayoral Decision delegated authority to the Chief Finance Officer to allocate the approved borough income maximisation budget and enter into contractual agreements with each of the 33 London billing authorities for 2025-26 until 2028-29 providing them with multi-year funding certainty. This Director Decision (DD2836) asks the Chief Finance Officer to approve decisions pursuant to and in accordance with this delegation. It is therefore within this delegated authority of the Chief Finance Officer's to approve these decisions.

6.2. Mayoral Decision MD3458 also approved the GLA making a pro rata contribution towards the cost of local discretionary council tax discounts awarded under section 13A(1)(c) of the Local Government Finance Act 1992 on a consistent basis across all 33 local authorities within the overall funding envelope from 2026-27 to 2028-29. The amounts identified in Appendix B have been calculated in

accordance with Mayoral Decision MD3458, and it is within the Chief Finance Officer's remit to confirm and approve these figures.

6.3. In taking the decisions requested, the Chief Finance Officer must have due regard to the Public Sector Equality Duty – namely, the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; and to advance equality of opportunity, and foster good relations, between persons who share a relevant protected characteristic (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Chief Finance Officer should have particular regard to section 3 (above) of this report.

6.4. The extent to which decisions are sought which involve the making of commitments which extend beyond the current Mayoral term, officers must ensure that the terms of all agreements entered into concerning such commitments do not have the effect of fettering the discretion of any successor administration, in particular consideration of the London elections taking place in May 2028. Accordingly, officers must ensure that all agreements which involve making such commitments include a GLA right to terminate at any point for convenience (at no cost to the GLA) and are managed in such a manner, and any milestones and/or output requirements are structured, so as to mitigate risks of the GLA incurring abortive expenditure (which might be reasonably be taken to fetter, practically, the exercise of such discretion).

7. Planned delivery approach and next steps

7.1. The planned project delivery is set out below:

Activity	**Timeline**
Finalise income maximisation funding agreements confirming the agreed allocations for each billing authority	Mid December 2026
Issue 2026-27 claim forms and purchase order numbers to billing authorities so that funding for the current financial year can be paid by 31 March 2027	Mid-January 2027
Obtain estimated outturn for 2026-27 and projected forecasts of section 13a discretionary council tax discount costs for 2027-28 from billing authorities	End January 2027

Appendices and supporting papers:

Appendix A
Proposed allocation of funding for council tax and business rates income maximisation projects and targeted funding for council tax hardship schemes for 2026-27 to 2028-29

Appendix B
Provisional allocation of the funding for the GLA's share of the costs of discretionary council tax discounts awarded under section 13A(1)(c) of the Local Government Finance Act 1992 set out in Appendix B for 2026-27 to 2028-29

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.

Strategic Programmes

Does this decision seek approval for activity falling within the remit of a programme delivery plan? No

If YES, which programme/s does this fall within:

Part 1 - Deferral

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

If YES, for what reason:

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

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

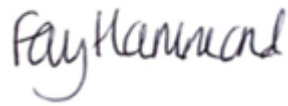
Is there a part 2 form – YES/NO

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:	✓
Assistant Director/Head of Service: Elliott Ball, has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.	✓
Financial and Legal advice: The Finance and Legal teams have commented on this proposal, and this decision reflects their comments. The decision originates from Finance	✓
Mayoral Delivery Board A summary of this decision was reviewed by the Mayoral Delivery Board on 16 November 2026	

CHIEF FINANCE OFFICER:

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

Date 16 November 2026



Signature