

Report to the Assembly on the Mayor's Draft Consolidated Budget for 2014 – 2015

Report to: London Assembly

Date: 29 January 2014

Report of: Green Group

Proposed by: Jenny Jones AM

Seconded by: Darren Johnson AM

PART A: INTRODUCTION & COMMENTARY¹

The Mayor is putting his ideology of small government before his ability to tackle London's big strategic challenges. Earlier this month he closed ten fire stations because of a short-sighted small council tax cut in the last budget. The Green Group amendment would stop the Mayor again compounding government cuts with his own additional cuts.

Our amendment increases the precept by around two per cent to raise an additional £15m, and puts this towards tackling the two gravest and most pressing crises facing our city.

Climate change is the gravest threat to London's future. The Mayor's response is made all the more important by the lack of global action, but his investment has withered with each passing year, in spite of more frequent and severe floods and storms. Of the hundreds of kilometres of rivers that could be restored to stop flooding, he is only going to improve 1km in the next two years. We would put £7.5m into expanding the river restoration programme, protecting tens of thousands of homes and businesses, and making sure that the capital remains a good place to live and work in years to come.

Housing is the most pressing problem Londoners face today. Decades of failed policies have seen home ownership become the preserve of the rich, a quarter of Londoners are stuck in our insecure and overpriced private rented sector, and the number of social homes has reduced. Our budget amendment puts £7.5m into building additional social rented homes, giving 80 families security and affordability.

The purpose of London's government cannot simply be to gradually step aside, one small council tax cut at a time, and hope that climate change and the housing crises will take care of themselves. The investments we would make are modest in scale, but will have a more long-lasting significance for London than the Mayor's penny-a-day council tax cut. Through City Hall, all Londoners can join together to face these huge challenges and invest in our future.

¹ This report is made up of two Parts, A and B. The text in Part A does not form part of the formal budget amendments, which are set out in Part B.

PART B: Proposal to approve, with amendments, the Draft Consolidated Budget for the 2014-15 financial year for the Greater London Authority and the Functional Bodies.

RECOMMENDATIONS:

FORMAL BUDGET AMENDMENT

1. The Mayor's draft consolidated budget (together with the component budgets comprised within it) for 2014-15 be amended by the sum(s) shown in column number 3 of the table for each constituent body, as set out and in accordance with the attached Schedule.

(These sums are the calculations under sections 85(4) to (8) of the Greater London Authority Act 1999 (as amended) ('The GLA Act') which give rise to each of the amounts mentioned in recommendations 2 and 3 below.)

2. The calculations referred to in recommendation 1 above, give rise to a component council tax requirement for 2014-15 for each constituent body as follows:

<i>Constituent body</i>	<i>Component council tax requirement</i>
Greater London Authority: Mayor of London	£77,585,825
Greater London Authority: London Assembly	£2,500,000
Mayor's Office for Policing and Crime	£562,158,925
London Fire and Emergency Planning Authority	£135,175,000
Transport for London	£6,000,000
London Legacy Development Corporation	£0

3. The component council tax requirements shown in recommendation 2 above, give rise to a consolidated council tax requirement for the Authority for 2014-15 (shown at Line 79 in the attached Schedule) of **£783,419,750**.

BUDGET RELATED MOTIONS

4. [WHERE APPLICABLE, INSERT ANY OTHER BUDGET RELATED MOTIONS REQUIRED]

NOTES:

- a. A simple majority of votes cast by Assembly Members is required to approve any amendment to recommendations (1) to (3) above concerning the Draft Consolidated Budget; abstentions are not counted.
- b. To approve the Draft Consolidated Budget, without amendment, only a simple majority of votes cast is required. Again, abstentions are not counted.
- c. The Mayor is required to set a consolidated and component council tax requirement and it is this amount which the Assembly has the power to amend. The council tax requirement equates to the amount which will be allocated to the Mayor, the Assembly and for each functional body from the Mayor's council tax precept. These individual functional body requirements are consolidated to form the consolidated council tax requirement for the GLA Group.
- d. The income estimates calculated under section 85 5(a) of the GLA Act are presented in four parts within the statutory calculations:
 - Income not in respect of Government grant, retained business rates or council tax precept. This includes fare revenues, congestion charging, the Crossrail Business rate supplement, the sums receivable in non domestic rates from London billing authorities required to meet the GLA's fixed tariff payment under rates retention and all other income not received from central government, through the council tax precept or for *retained* business rates. (line 6 for the Mayor, line 19 for the Assembly, line 32 for MOPAC, line 45 for LFEPA , line 58 for TfL, and line 71 for the LLDC);
 - Income in respect of specific and special government grants. This includes those grants which are not regarded as general grants. This includes the GLA Transport grant for TfL and specific grants for the GLA, LFEPA and MOPAC (line 7 for the Mayor, line 20 for the Assembly, line 33 for MOPAC, line 46 for LFEPA , line 59 for TfL, and line 72 for the LLDC);
 - Income in respect of general government grants. From 2014-15 this comprises Revenue Support Grant and for MOPAC only core Home Office police and principal police formula grant (line 8 for the Mayor, line 21 for the Assembly, line 34 for MOPAC, line 47 for LFEPA, line 60 for TfL, and line 73 for the LLDC);
 - Income in respect of retained business rates including estimated related section 31 grant support payable under the Local Government Act 2003 (line 9 for the Mayor, line 22 for the Assembly, line 35 for MOPAC, line 48 for LFEPA, line 61 for TfL, and line 74 for the LLDC). This excludes the sum receivable in non domestic rates required to meet the fixed tariff payment to central government which is treated as general income; and
 - The GLA's share of the aggregate forecast net collection fund surplus or deficit at 31 March 2014 reported by the 33 London billing authorities in respect of council tax and retained business rates. This is nominally allocated to the GLA in line with accounting practice but in principle the surplus or deficit can be attributed to any component budget. For the draft budget this is assumed to be zero pending receipt of the forecast surpluses from billing authorities which will not be available until 31 January (line 10 for the Mayor, line 23 for the Assembly, line 36 for MOPAC, line 49 for LFEPA, line 62 for TfL, and line 75 for the LLDC).
- e. The LLDC came into being on 9 March 2012 (under SI 2012/ 310) as a Mayoral development corporation and is a functional body; the LLDC is also a constituent body for the purposes of sections 85 to 99 of the Act.

SCHEDULE

Part 1: Greater London Authority: Mayor of London ("Mayor") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's Proposal	Budget amendment	Description
(1)	£732,600,000	£747,600,000	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
(2)	£4,800,000	£	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
(3)	£0	£	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
(4)	0	£	estimate of reserves to meet a revenue account deficit of the Mayor under s85(4)(d) of the GLA Act
(5)	£737,400,000	£752,400,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Mayor (lines (1) + (2) + (3) + (4) above)
(6)	-£478,300,000	-£	estimate of the Mayor's income <u>not</u> in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(7)	-£27,400,000	-£	estimate of the Mayor's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(8)	-£52,151,215	-£	estimate of the Mayor's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(9)	-£30,946,650	-£	estimate of the Mayor's income in respect of retained business rates including related section 31 grants calculated in accordance with s85(5)(a) of the GLA Act
(10)	£0	-£	estimate of the Mayor's share of the net collection fund surplus or deficit for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
(11)	-£86,016,310	-£	estimate of Mayor's reserves to be used in meeting amounts in lines (1) and (2) above under s85(5)(b) of the GLA Act
(12)	-£674,814,175	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Mayor (lines (6) + (7) + (8) + (9) + (10) + (11) above)
(13)	£62,585,825	£77,585,825	the component council tax requirement for the Mayor (being the amount by which the aggregate at (5) above exceeds the aggregate at (12) above calculated in accordance with section 85(6) of the GLA Act)

The draft component council tax requirement for the Mayor for 2014-15 is £77,585,825
[insert Line 13 figure]

Part 2: Greater London Authority: London Assembly ("Assembly") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(14)	£7,600,000	£	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the GLA Act
(15)	£0	£	estimated allowance for contingencies for the Assembly under s85(4)(b) of the GLA Act
(16)	£0	£	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the GLA Act
(17)	£0	£	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the GLA Act
(18)	£7,600,000	£	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Assembly (lines (14) + (15) + (16) + (17) above)
(19)	-£400,000	-£	estimate of the Assembly's income <u>not</u> in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(20)	£0	-£	estimate of the Assembly's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(21)	-£2,571,000	-£	estimate of the Assembly's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(22)	-£2,129,000	-£	estimate of the Assembly's income in respect of retained business rates including related section 31 grants calculated in accordance with s85(5)(a) of the GLA Act
(23)	£0	-£	estimate of the Assembly's share of the net collection fund surplus or deficit for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
(24)	£0	-£	estimate of Assembly's reserves to be used in meeting amounts in lines (14) and (15) above under s85(5)(b) of the GLA Act
(25)	-£5,100,000	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Assembly (lines (19) + (20) + (21) + (22) + (23) + (24) above)
(26)	£2,500,000	£	the component council tax requirement for the Assembly (being the amount by which the aggregate at (18) above exceeds the aggregate at (25) above calculated in accordance with section 85(6) of the GLA Act)

The draft component council tax requirement for the Assembly for 2014-15 is: £2,500,000
[insert Line 26 figure]

Part 3: Mayor's Office for Policing and Crime ("MOPAC") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(27)	£3,253,000,000	£	estimated expenditure of the MOPAC calculated in accordance with s85(4)(a) of the GLA Act
(28)	£0	£	estimated allowance for contingencies for the MOPAC under s85(4)(b) of the GLA Act
(29)	£0	£	estimated reserves to be raised for meeting future expenditure of the MOPAC under s85(4)(c) of the GLA Act
(30)	£0	£	estimate of reserves to meet a revenue account deficit of the MOPAC under s85(4)(d) of the GLA Act
(31)	£3,253,000,000	£	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the MOPAC (lines (27) + (28) + (29) + (30) above)
(32)	-£272,641,075	-£	estimate of the MOPAC's income <u>not</u> in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(33)	-£475,100,000	-£	estimate of the MOPAC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(34)	-£1,884,000,000	-£	estimate of the MOPAC's income in respect of general government grants (revenue support grant, core Home Office police grant and principal police formula grant) calculated in accordance with s85(5)(a) of the GLA Act
(35)	£0	-£	estimate of the MOPAC's income in respect of retained business rates including related section 31 grants calculated in accordance with s85(5)(a) of the GLA Act
(36)	£0	-£	estimate of MOPAC's share of the net collection fund surplus or deficit for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
(37)	-£59,100,000	-£	estimate of MOPAC's reserves to be used in meeting amounts in lines (27) and (28) above under s85(5)(b) of the GLA Act
(38)	-£2,690,841,075	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the MOPAC (lines (32) + (33) + (34) + (35) + (36) + (37) above)
(39)	£562,158,925	£	the component council tax requirement for MOPAC (being the amount by which the aggregate at (31) above exceeds the aggregate at (38) above calculated in accordance with section 85(6) of the GLA Act)

The draft component council tax requirement for the MOPAC for 2014-15 is: £562,158,925
[insert Line 39 figure]

Part 4: London Fire and Emergency Planning Authority ("LFEPA") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's Proposal	Budget amendment	Description
(40)	£431,575,000	£	estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the GLA Act
(41)	£0	£	estimated allowance for contingencies for LFEPA under s85(4)(b) of the GLA Act
(42)	£0	£	estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the GLA Act
(43)	£0	£	estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the GLA Act
(44)	£431,575,000	£	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LFEPA (lines (40) + (41) + (42) + (43) above)
(45)	-£30,700,000	-£	estimate of LFEPA's income <u>not</u> in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(46)	-£13,900,000	-£	estimate of LFEPA's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(47)	-£138,838,000	-£	estimate of LFEPA's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(48)	-£112,162,000	-£	estimate of LFEPA's income in respect of retained business rates including related section 31 grants calculated in accordance with s85(5)(a) of the GLA Act
(49)	£0	-£	estimate of LFEPA's share of the net collection fund surplus or deficit for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
(50)	-£800,000	-£	estimate of LFEPA's reserves to be used in meeting amounts in lines (40) and (41) above under s85(5)(b) of the GLA Act
(51)	-£296,400,000	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LFEPA (lines (45) + (46) + (47) + (48) + (49) + (50) above)
(52)	£135,175,000	£	the component council tax requirement for LFEPA (being the amount by which the aggregate at (44) above exceeds the aggregate at (51) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for LFEPA for 2014-15 is: £ 135,175,000

[Insert Line 52 figure]

Part 5: Transport for London ("TfL") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(53)	£6,549,863,800		£ estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the GLA Act
(54)	£0		£ estimated allowance for contingencies for TfL under s85(4)(b) of the GLA Act
(55)	£177,300,000		£ estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the GLA Act
(56)	£0		£ estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the GLA Act
(57)	£6,727,163,800		£ aggregate of the amounts for the items set out in s85(4) of the GLA Act for the TfL (lines (53) + (54) + (55) + (56) above)
(58)	-£5,023,200,000		-£ estimate of TfL's income <u>not</u> in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(59)	-£869,500,000		-£ estimate of TfL's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(60)	£0		-£ estimate of TfL's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(61)	-£828,463,800		-£ estimate of TfL's income in respect of retained business rates including related section 31 grants calculated in accordance with s85(5)(a) of the GLA Act
(62)	£0		-£ estimate of TfL's share of the net collection fund surplus or deficit for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
(63)	£0		-£ estimate of TfL's reserves to be used in meeting amounts in lines (53) and (54) above under s85(5)(b) of the GLA Act
(64)	-£6,721,163,800		-£ aggregate of the amounts for the items set out in section 85(5) of the GLA Act for TfL (lines (58) + (59) + (60) + (61) + (62) + (63) above)
(65)	£6,000,000		£ the component council tax requirement for TfL (being the amount by which the aggregate at (57) above exceeds the aggregate at (64) above calculated in accordance with section 85(6) of the GLA Act)

The draft component council tax requirement for TfL for 2014-15 is: £ 6,000,000

[Insert Line 65 figure]

Part 6: London Legacy Development Corporation ("LLDC") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(66)	£39,800,000		£ estimated expenditure of LLDC for the year calculated in accordance with s85(4)(a) of the GLA Act
(67)	£0		£ estimated allowance for contingencies for LLDC under s85(4)(b) of the GLA Act
(68)	£4,500,000		£ estimated reserves to be raised for meeting future expenditure of LLDC under s85(4)(c) of the GLA Act
(69)	£0		£ estimate of reserves to meet a revenue account deficit of LLDC under s85(4)(d) of the GLA Act
(70)	£44,300,000		£ aggregate of the amounts for the items set out in s85(4) of the GLA Act for LLDC (lines (66) + (67) + (68) + (69) above)
(71)	-£44,300,000		-£ estimate of LLDC's income <u>not</u> in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(72)	£0		-£ estimate of LLDC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(73)	£0		-£ estimate of LLDC's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(74)	£0		-£ estimate of LLDC's income in respect of retained business rates including related section 31 grants calculated in accordance with s85(5)(a) of the GLA Act
(75)	£0		-£ estimate of LLDC's share of the net collection fund surplus or deficit for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
(76)	£0		-£ estimate of LLDC's reserves to be used in meeting amounts in lines (66) and (67) above under s85(5)(b) of the GLA Act
(77)	-£44,300,000		-£ aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LLDC (lines (71) + (72) + (73) + (74) + (75) + (76) above)
(78)	£0		£ the component council tax requirement for LLDC (being the amount by which the aggregate at (70) above exceeds the aggregate at (77) above calculated in accordance with section 85(6) of the GLA Act)

The draft component budget requirement for LLDC for 2014-15 is: £0

[insert Line 78 figure]

Part 7: The Greater London Authority ("GLA") draft consolidated council tax requirement calculations

NOTE: Amendments to the draft consolidated council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(79)	£784,419,750		£ the GLA's consolidated council tax requirement (the sum of the amounts in lines (13) + (26) + (39) + (52) +(65) +(78) calculated in accordance with section 85(8) of the GLA Act)

The final consolidated council tax requirement for 2014-15 is: £783,419,750

[insert Line 79 figure]