MDA No.: 1468

Title: Response to the Mayor's Draft Consultation Budget 2023-24

1. Executive Summary

1.1 At the Budget & Performance meeting on 5 January 2023 the Committee resolved that:

Authority be delegated to the Chairman, in consultation with the Deputy Chair and party Group Lead Members, to agree any output arising from the discussion.

1.2 Following consultation with party Group Lead Members, the Chairman agreed the Committee's report *Response to the Mayor's Draft Consultation Budget 2023-24*, as attached at **Appendix 1**.

2. Decision

2.1 **That the Chairman, in consultation with the Deputy Chair and party Group Lead Members, agrees the Committee's report *Response to the Mayor's Draft Consultation Budget 2023-24*, as attached at Appendix 1.**

Assembly Member

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

The above request has my approval.

Signature: Peter Fortune

Printed Name: **Peter Fortune AM, Chairman of the Budget & Performance Committee**

Date: **13 January 2023**

3. Decision by an Assembly Member under Delegated Authority

Background and proposed next steps:

3.1 The terms of reference for this investigation were agreed by the Chairman, in consultation with party Lead Group Members and the Deputy Chair, under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the report and its recommendations fall within these terms of reference.

3.2 The GLA Act requires the Mayor to consult the Assembly on his initial GLA budget plans for the next financial year before going out to consultation on his GLA Group budget plans. The Mayor published his consultation budget for 2023-24 on 21 December 2022. The deadline for submissions is 13 January 2023.

3.3 In order to scrutinise the Mayor's draft budget, the Committee held a series of public meetings with the various functional bodies between November 2022 and January 2023, including a meeting with the Mayor of London on 5 January 2023.

3.4 The exercise of delegated authority approving the report will be formally noted at the Budget & Performance Committee's next appropriate meeting.

Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): Paul Goodchild

Printed Name: Paul Goodchild

Date: 9 January 2023

Telephone Number: 07842 600832

Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.

Signature (Finance): Not Required

Printed Name:

Date:

Telephone Number:

Legal Implications:

The Chairman of the Budget & Performance Committee has the power to make the decision set out in this report.

Signature (Legal): EStrain

Printed Name: Emma Strain, Monitoring Officer

Date: 9 January 2023

Telephone Number: 07971 101375

Supporting Detail / List of Consultees:

- Len Duvall AM;
- Caroline Russell AM;
- Caroline Pidgeon MBE AM.

4. Public Access to Information

4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.

4.2 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.

4.3 **Note**: this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral:

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

If yes, until what date:

Part 2 – Sensitive Information:

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

Is there a part 2 form? NO

Lead Officer / Author

Signature: Gino Brand

Printed Name: Gino Brand

Job Title: Senior Policy Adviser

Date: 9 January 2023

Telephone Number: 07511 213765

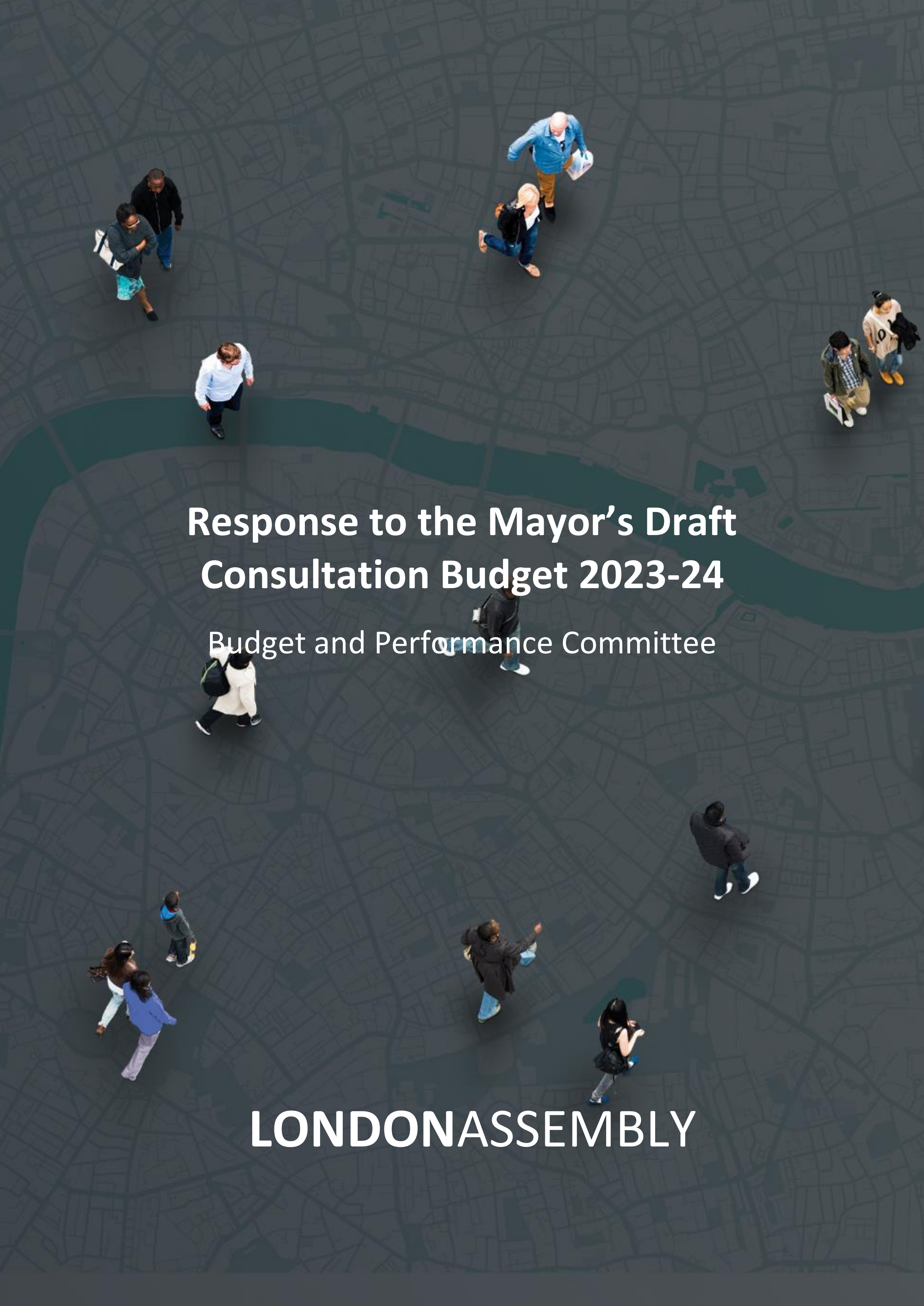
Countersigned by Executive Director:

Signature:

Printed Name: Helen Ewen

Date: 9 January 2022

Telephone Number: 07729 108986



Response to the Mayor's Draft Consultation Budget 2023-24

Budget and Performance Committee

LONDONASSEMBLY

Budget and Performance Committee

The Budget and Performance Committee holds the Mayor to account for his financial decisions and performance across the Greater London Authority. It is responsible for scrutinising the Mayor's budget proposals for the next year, and carrying out investigations across the Mayor's various policy areas, such as transport, police, fire, housing and regeneration.

Contact us

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Foreword

Peter Fortune AM
Chairman of the Budget and Performance Committee

Over the past few months, the London Assembly's Budget and Performance Committee has reviewed the Greater London Authority (GLA) Group Budget, which continues to be shaped by the recovery from the pandemic. This budget process is set against a background of a rising cost of living and surging inflation. The London Assembly has a responsibility to ensure that all taxpayers' money is spent in a way that provides the best service for Londoners. Our Committee reviewed the 2023-24 Mayor's Consultation Budget in light of the budget issues facing the GLA. This report raises serious and urgent questions that must be addressed to deal with the big financial challenges facing the Mayor and the GLA.

From the impact on TfL's finances as a result of the changing conditions following the pandemic and succession of government support agreement to the OPDC's future viability, the Committee's scrutiny identified the financial challenges facing the GLA Group and how these challenges could be addressed to ensure that public money is being spent where it is most needed. The Committee also examined: what action the functional bodies are taking to plug the budget gaps; whether this was sustainable in the long term; and whether it provided value for money for Londoners.

There is a level of familiarity around some of the key issues that this Committee is raising again, and a level of disappointment that this Mayor has failed to address the concerns raised with him in previous years. This Committee wrote to the Mayor in summer 2022 after his budget assumptions for his income in 2023-24 appeared overly prudent, and cautioned that this could result in large additional amounts being added to his spending plans at the last minute. The Committee is concerned that this last minute approach to adding expenditure results in sub-optimal planning. This concern remains and has already been highlighted by a current additional £91 million of income for the Mayor. Over the last six years the final figure has been an average of £198 which has been added very late to his budget process.

This budget comes at a time of great challenges to Londoners on lower incomes with increasing projected financial pressure on Londoners with expected rises in council tax, fares and the Ultra Low Emission Zone (ULEZ) expansion. We look to the Mayor to support Londoners in most need and we highlight the potential from his increasing level of reserves which could be used more effectively and considered as a factor when setting the level of council tax for next year.

The level of affordable housing being delivered by the London Legacy Development Corporation (LLDC) remains low at 29 per cent and has fallen each year since this Mayor took control of the LLDC. Just 11,000 of the planned 33,000 homes have now been delivered. Action needs to be taken now to ensure the remaining homes include a more acceptable level of affordable homes to fully deliver on this unique opportunity. Once again, no progress has been made on reducing the cost to Londoners of running the London Stadium through a naming rights deal. Offers from West Ham United to assist appear to have been ignored.

The government has delivered on its commitment announced in 2019 to fund an extra 20,000 police officers in England and Wales. The Mayor and the Metropolitan Police Service (MPS) continue to anticipate an extra 6,000 police officers in their future year's plans without confirmation of any additional government funding. While this is an ambition that this Committee supports, it should not be the basis for setting unrealistic future financial plans.

Since the tragic Grenfell Tower fire in 2017, and the critical report from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) in 2020; the findings of the Cultural Review in November 2022 and the HMICFRS' announcement in December 2022 that the London Fire Brigade (LFB) had been moved into the "engage" phase, a category it uses when there is a cause of concern, it is evident that the LFB needs to change. Commissioner Andy Roe has promised to deliver a transformation programme to make the LFB more efficient to better protect Londoners across all areas of the city. But this will come at a cost, and the LFB needs to be resourced sufficiently in the short term to support this transformation.

Transport for London (TfL) has seen ridership levels improve following the impact of the pandemic and now stands on the verge of achieving financial sustainability, of covering its operating cost and capital renewals without requiring further extraordinary government funding. However, its proposed sustainable funding model is built upon the successful implementation of the ULEZ expansion in August 2023.

This Committee remains supportive of the concept behind the Old Oak and Park Royal Development Corporation (OPDC). The potential of the site includes creating 25,500 homes and 65,000 jobs, with excellent transport links. The OPDC Chief Executive made the point that this area has the distinct advantage over traditional developments in that the additional transport requirement has already been solved. However, as it stands today, little has been done on the ground to bring these new jobs or homes to the area and this Committee remains concerned about the slow pace of progress.

Executive summary

The Mayor's Consultation Budget was issued shortly after publication of the provisional local government and police financial settlement for 2023-24. The Mayor's 2023-24 Consultation Budget confirmed that the Mayor has proposed an increase to the London Council Tax precept for 2023-24 to fund TfL and policing in London.

The GLA Group

The Mayor is responsible for a £20 billion budget for 2023-24. This consists of revenue expenditure of £15.8 billion and capital expenditure of £4.4 billion. The total budget has increased by more than a quarter since this Mayor's first budget in 2017-18. The Mayor's 2023-24 Consultation Budget, which was published on 16 December 2022, includes an additional £91 million funding compared to the level of income assumed, in total, in 2023-24 Mayor's Budget Guidance published in July 2022. The combined reserves of the GLA, the Mayor's Office for Policing and Crime (MOPAC) and the London Fire Commissioner (LFC) have nearly trebled since 2017-18 and are expected to reach £1.5 billion in March 2023.

Transport for London (TfL)

The TfL 2023-24 Budget reflects the 30 August 2022 funding settlement with government. In addition, the Mayor has made available a £500 million funding facility and £383 million funding from his Transport Services Reserve. There is no fixed government revenue support for TfL for 2023-24, instead the government has guaranteed fares income at £5.2 billion. TfL plans to cover its operating cost and capital renewals in 2023-24 without fixed government funding, despite operating costs increasing by over £700 million and after requiring government funding of £865 million in 2022-23.

The total TfL income for 2023-24 reflects the full year impact of the Elizabeth line operations and the part year income from the Londonwide ULEZ extension. No savings have been assumed in TfL's budget from reform of the TfL Pension Scheme. The TfL 2023-24 Budget and plan includes the holding of cash balances of £1.4 billion. TfL's capital expenditure plans for 2023-24 include additional government funding of £283 million that has not been confirmed.

Mayor's Office for Policing and Crime (MOPAC)

MOPAC has abandoned its budget target for 2023-24 to recruit 6,000 additional police officers due to recruitment challenges, but has retained it for future years. The MPS is struggling to recruit additional officers in 2022-23 and may be expected to return over £20 million in funding for additional police officers to the Home Office this year.

There are issues with how the MPS is funded and compensated by the government. In particular, the National and International Capital Cities Grant has been shown to be insufficient for the extra duties required of the MPS. The MPS has a specific identified budget pressure and the Commissioner believes it will need an additional 'tens of millions' for reform costs. These are not included in its budget proposals for next year. MOPAC is proposing to use reserves to eliminate its budget deficit in 2023-24, but is heavily reliant on unidentified 'efficiencies' to deliver subsequent balanced budgets. Uncertainty over future police officer pay awards, could have significant financial impacts. The MPS Capital Programme has a growing reliance on borrowing for capital expenditure.

The London Fire Commissioner (LFC)

The LFC is facing several cost pressures in its 2023-24 budget, including a staff pay award which is subject to ongoing negotiations. The LFC is proposing to address its cost pressures through the use of reserves. This poses risks to the longer-term sustainability of the LFC's finances. The LFC cannot currently afford to fund a full complement of staff, so it has reinstated a vacancy rate. This is also creating pressures on overtime pay, which is again being funded by drawing on reserves.

The LFC needs to ensure that the Independent Culture Review and Community Risk Management Plan are budgeted for and can be delivered in 2023-24. The London Fire Brigade (LFB) has consistently underspent on its capital programme and is proposing to reprofile 38 per cent of its current 2022-23 budget to 2023-24.

The GLA Core

The Mayor has allocated £526 million to revenue expenditure across the GLA's Recovery Missions for 2023-24, compared with £430 million for 2022-23. Despite calls from this Committee, the GLA Core budget submission continues to be less transparent than the approach taken for the 2020-21 Budget. Housing affordability is one of the most pressing issues facing Londoners, and the Mayor says it is a priority for his administration. In order to meet the target of 116,000 homes from the Affordable Housing Programme (2016-23), the Mayor will need to start a record number of 25,000 (22 per cent) homes in 2022-23. In 2021-22 18,722 affordable homes were started as part of the programme. No homes have yet been started from the 2021-26 Affordable Homes Programme.

The London Legacy Development Corporation (LLDC)

The LLDC faces a series of long term financial challenges. London Stadium continues to require taxpayer subsidy, with a £31 million loss recorded for the operator E20 Stadium LLP (E20) for the most recent set of financial results of 2021-22. The LLDC has identified naming rights for the London Stadium as a pivotal part of its strategy to improve net revenue costs of operating the stadium however there is little evidence of any progress. There are currently no effective commercial strategies to fully eliminate the long term operating subsidy required from Londoners for the LLDC.

The Final Anticipated Cost of the East Bank development has risen by a further £40 million, to £673 million with further risks of increasing costs remaining. Of the 11,380 homes completed since 2012, only 29 per cent have been affordable. The proportion of affordable housing approvals under the current Mayor has also been below his London Plan target. The LLDC Board has agreed that 'Inclusive Economy' will be at the heart of the next phase of the LLDC. The 2023-24 Budget submission contains high-level estimated costs of the transition of the LLDC in 2024-25, but these remain unchanged from 2022-23 despite the recent macroeconomic turmoil.

Old Oak and Park Royal Development Corporation (OPDC)

OPDC revenue expenditure in 2024-25 and 2025-26 is broadly in line with previous years. This shows little evidence of ramping up delivery following the adoption of its Local Plan in June 2022. While it is a positive step that the OPDC's 2023-24 budget submission includes a Capital Strategy for the first time since 2019-

20, only £6 million is planned to be spent in 2023-24. This is funded by a £50 million loan facility approved by the Mayor.

The OPDC has secured 'agreement in principle' from the Department for Transport (DfT) and the Department for Levelling Up, Housing and Communities (DLUHC) for its Strategic Outline Business Case (SOBC) but more work is required to determine the level of public funding that will be needed to deliver its new 'Western Lands' project. The OPDC has still not yet secured any landholdings, despite an agreement with the DfT and DLUHC.

The GLA Climate Budget

The Mayor has set a target of making London net zero carbon by 2030. The GLA climate budget has been introduced for the first time in 2023-24 and outlines the funded actions that the GLA Group plans to take, and the additional funding and measures that will be needed for the GLA Group to meet its environmental targets. There is variability in engagement with the process between the functional bodies. They need to learn from each other and share best practice. There is risk that in business-as-usual practices mean not tackling net zero targets which may leave the GLA financially exposed. There are examples of good practice using the process to identify financial risk and putting climate analysis into the business case model. The Committee is overall supportive of the policy but this approach needs to be supplemented by a rigorous approach to setting and monitoring its objectives throughout the year.

Recommendations

Recommendation 1
The Mayor should assess his intention to raise council tax to the full extent available to him for 2023-24, once he has confirmation of all expected income levels.

Recommendation 2
The Mayor should develop and implement a change to the budget setting process that ensures that additional income beyond that anticipated in budget guidance is allocated through a process that is robust, transparent and sustainable. This should include an additional Budget and Performance Committee meeting to scrutinise his proposals.

Recommendation 3
The Mayor should reassess the GLA Group reserves position and establish a clear and consistent policy for the use of reserves across the GLA Group.

Recommendation 4
The Mayor should set out the conditions for use of the £500 million facility in his 2023-24 Final Draft Consolidated Budget along with the remaining Transport Services Reserve held by the GLA.

Recommendation 5
The Committee recommends that the Mayor publishes his cost benefit analysis of the restriction on the Older Persons Freedom Pass and 60+ Oyster from the morning peak.

Recommendation 6
The Committee recommends that the funding for the ULEZ expansion is clearly set out in the Mayor's 2023-24 Draft Consolidated Budget. This should include a breakdown of the costs of expansion and the extra revenue anticipated from it.

Recommendation 7
The Mayor should clearly set out in his 2023-24 Draft Consolidated Budget what level of fares increases on TfL services he plans to implement in March 2023, and what impact this will have on expected income.

Recommendation 8
TfL should set out its plans for increasing commercial income to reduce its risk of reliance on fares. .

Recommendation 9
TfL to share its preferred course of action with regards to its pension scheme with the Committee and to reflect any financial implications in the 2023-24 Final Draft Consolidated Budget.

Recommendation 10
The Committee encourages MOPAC to continue to work with the government to achieve longer-term funding settlements for the MPS and make an effective case for further funding for police officers in London.

Recommendation 11
The Committee recommends that MOPAC reconsiders basing its future year's plans on expected allocations for the funding of additional police officers.

Recommendation 12
The MPS should develop an efficiencies programme to address the remaining funding gap in future years, once the element for officer growth has been removed, and share it with the Committee.

Recommendation 13
The MPS should establish what additional budget is needed for reform costs and include this in the Mayor's 2023-24 Final Draft Consolidated Budget.

Recommendation 14
MOPAC and the Mayor should continue to develop an effective case for an increase in the National and International Capital City (NICC) grant for the policing of the capital city from government.

Recommendation 15
The MPS should publish its estates strategy by 31 September 2023.

Recommendation 16
The LFC should identify the extent of any known cost pressures relating to the upcoming legislative change and include them in the final 2023-24 Budget.

Recommendation 17
By March 2023, the London Fire Commissioner should publish a clear action plan to reduce overtime.

Recommendation 18
The London Fire Commissioner should develop a costed plan of the budget impacts of the LFB's Independent Culture Review and if necessary a broad estimate should be included in the final 2023-24 budget submission.

Recommendation 19
The London Fire Commissioner should publish the Terms of Reference of the new processes implemented to scrutinise its capital programme and incorporate any new findings in the quarterly performance reports.

Recommendation 20
The London Fire Commissioner sets out how the LFC is responding to and mitigating risks to its capital programme in future Quarterly Performance reports.

Recommendation 21

This Committee recommends that future years' GLA:Mayor submissions return to the level of transparency last seen in the 2020-21 GLA:Mayor budget submission, which separately identified the ongoing base budget for each unit, along with spend associated with one-off programmes and spend reprofiled from previous years, and the value of the external funding that the GLA will receive to support the delivery. This will make it easier for Londoners to access information about how their money is spent.

Recommendation 22

The Mayor should set out his costed plans for the renovation of the Crystal Palace National Sports Centre and include the cost in his final 2023-24 Budget.

Recommendation 23

The London Assembly should be appropriately funded to effectively discharge its scrutiny function.

Recommendation 24

LLDC to publish the report of the Deputy Mayor for Planning, Regeneration and Skills into the Fixed Estate Charge.

Recommendation 25

LLDC should explore the alternative operating models for the London Stadium.

Recommendation 26

This Committee would like to see demonstrable progress towards securing a naming rights deal for the London Stadium that reflects good market value and would encourage the Mayor to get involved in discussions to ensure renewed energy and urgency around this objective.

Recommendation 27

The LLDC should submit its capital receipts modelling and loan repayment plans to the Budget and Performance Committee.

Recommendation 28

The Mayor to address the low level of affordable housing being delivered by the LLDC.

Recommendation 29

LLDC to develop and publish key performance indicators with targets for its Inclusive Economy programme.

Recommendation 30

The LLDC should develop and publish a financial sustainability plan.

Recommendation 31

The OPDC should respond to the three stakeholder submissions made to the Budget and Performance Committee about its communication with local groups by the end of January 2023.

Recommendation 32

The Climate Change Budget process would benefit from increased sharing of best practice and an alignment of standards across the GLA Group, including ongoing regular reporting on progress.

Recommendation 33

The Mayor should review the unfunded functional body climate budget projects and explore options to increase the pace of rollout of the Green Bond Programme.

Recommendation 34

The GLA to make demonstrable progress in addressing the findings from the climate budget work, by developing a pipeline of climate projects for future funding including via the Green Bond Programme and ensuring quarterly performance monitoring across the GLA group.

Chapter one – The GLA Group

Key findings:

- **The Mayor is responsible for a £20 billion budget for 2023-24.**
- **The Mayor's 2023-24 Consultation Budget includes an additional £91 million funding compared to the assumed total in the 2023-24 Mayor's Budget Guidance published in July.**
- **The combined reserves of the GLA, MOPAC and the LFC have nearly trebled since 2017-18 and are expected to reach £1.5 billion in March 2023.**

The GLA Group

The Mayor has the power to make decisions that affect the everyday lives of Londoners – particularly through the annual budget. The Mayor's proposed budget for 2023-24 is £20 billion. This pays for the GLA and its five functional bodies (known as the GLA Group):

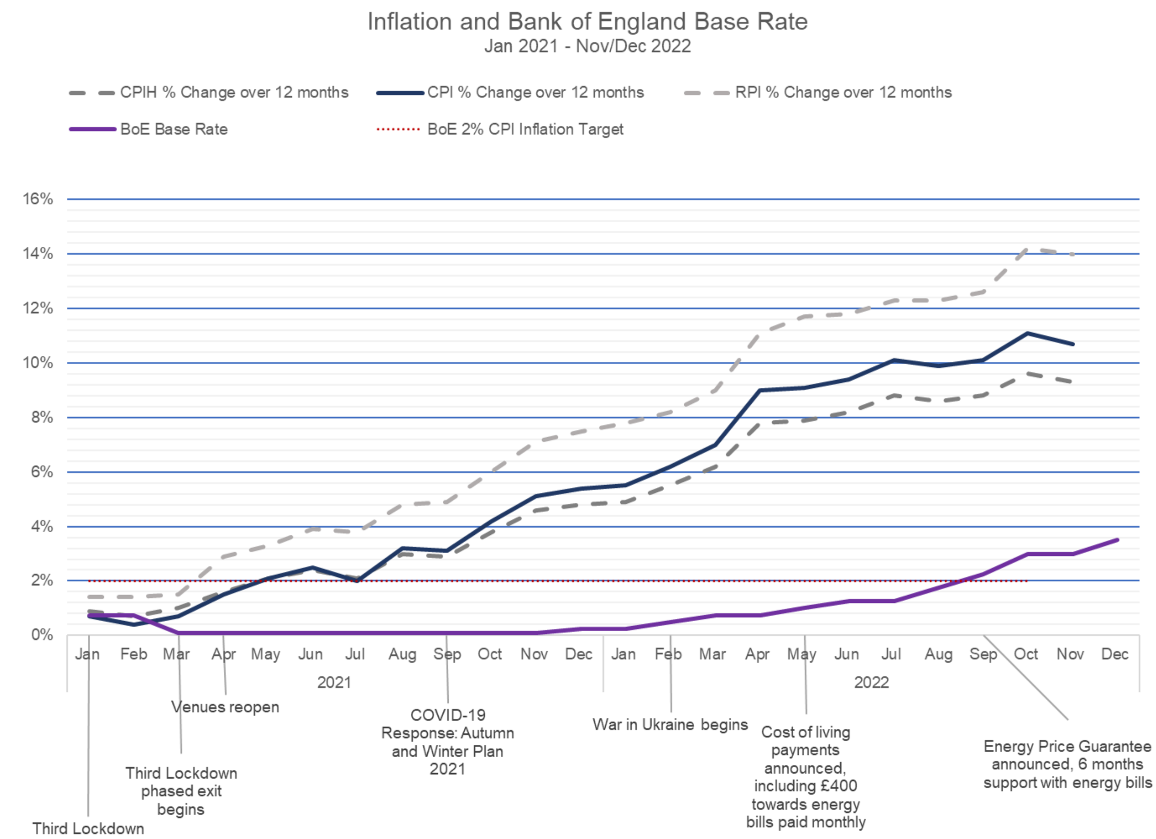
- Transport for London (TfL)
- the Mayor's Office for Policing and Crime (MOPAC) – responsible for oversight of the Metropolitan Police Service (the Met)
- the London Fire Commissioner (LFC) – responsible for decisions about London Fire Brigade (LFB)
- the London Legacy Development Corporation (LLDC)
- the Old Oak and Park Royal Development Corporation (OPDC).

The Mayor's 2023-24 Budget Guidance, which was published on 29 July 2022, provides the framework and parameters for the 2023-24 GLA Group budget setting process. The Budget Guidance refers to three key contextual factors: *'soaring inflation, the economic impact of the pandemic and the fallout from Brexit'*.[1]

The budget process has highlighted different inflationary challenges for the GLA group. The TfL Chief financial officer has stated that inflation is "probably [one of] the two largest financial risks that we face right now".[2]

[1] Mayor of London, The Mayor's Budget Guidance for 2023-24, 29 July 2022
[2] Budget and Performance Committee, 4 January 2023

Figure 1: Inflation and interest rates



The Budget and Performance Committee has been reviewing the GLA Group's finances over the past two months. Since November, the Committee has held five meetings with executive officers and leaders of the five functional bodies, including a meeting with the Mayor in January 2023.

The Mayor's 2023-24 Budget

The Mayor's Consultation Budget for 2023-24 was issued on 16 December 2022 with a closing date for consultation responses of 13 January 2023. The Mayor's Draft Budget and Final Budget will be presented to the Assembly in the weeks following, so that the GLA's council tax precept can be agreed by the end of February 2022.

The key change from the budget submissions published at the end of November is the additional business rate funding following a Department for Levelling Up, Housing and Communities (DLUHC) policy statement issued on 12 December 2022. This stated the government's confirmation that business rate multiplier compensation will be based on the September 2022 Consumer Price Inflation (CPI) rate of 10.1 per cent.[3]

[3] Consumer price inflation, UK - Office for National Statistics

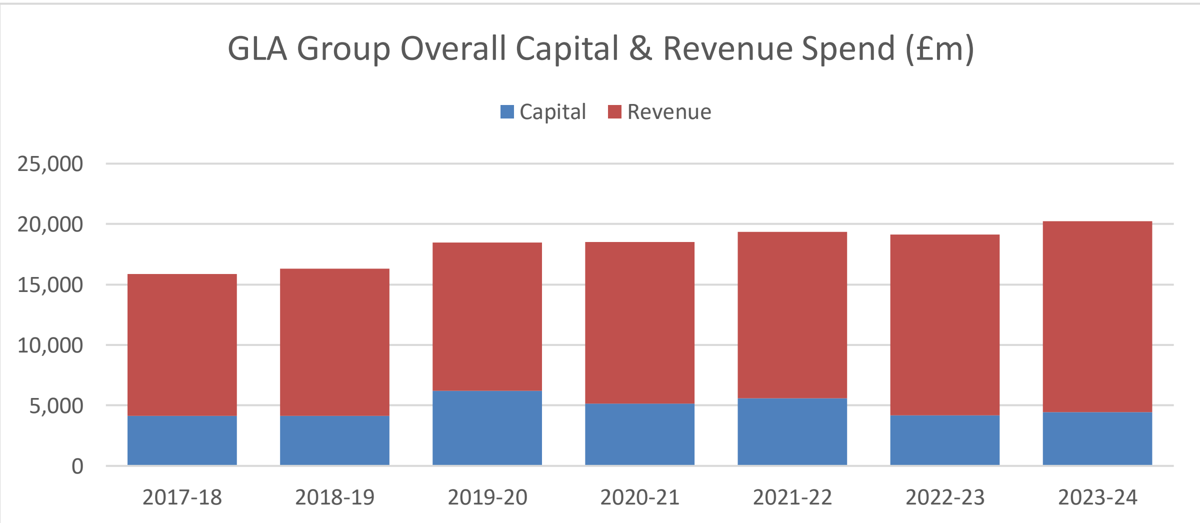
In the budget guidance, the Mayor had assumed growth in the business rate multiplier of only 2.5 per cent. The GLA estimates that the potential range of this additional uplift is between £45 million and £175 million. The Mayor has not yet allocated the additional funds in this Consultation Budget to the GLA and its functional bodies.

The Consultation Budget retains the assumption from its July 2022 budget guidance that the GLA's share of council tax will be increased by an additional £27.89 a year for an 'average' Band D household. This represents a 7 per cent uplift. The budget guidance states that this should be regarded as a working figure subject to change, with the Mayor to make a decision on the total increase in the New Year once sufficient information is available.

The provisional police settlement for 2023-24 was published by government on 14 December 2022, as the Consultation Budget was being finalised. The proposed budget for 2023-24 does not assume that the Mayor utilises the full permitted increase in Band D council tax of up to £15 per year. The Mayor would be permitted to increase his police precept by a further £9.47 under the government's set parameters. The Consolidated Budget states that the Mayor will decide whether to exercise this flexibility in due course, once the government provides clarity on other funding issues and once he has had the opportunity to consider the provisional police grant settlement, published on 14 December 2022.[4] The Mayor confirmed at the Budget and Performance Committee on 5 January 2023 his intention to increase the policing precept as far as possible.

The 2023-24 Mayor's Consultation Budget totals £20.2 billion; this consists of revenue expenditure of £15.8 billion, and capital expenditure of £4.4 billion. The total budget has increased by more than a quarter since this Mayor's first budget, from £15.9 million in 2017-18[5] to his proposed budget for 2023-24 of £20.2 billion.

Figure 2: Total gross revenue and capital expenditure[6]



[4] Mayor's Consultation Budget 2023-24 (london.gov.uk), 16 December 2022
[5] GLA 2017-18 Final Budget Date (london.gov.uk)
[6] Prepared by the London Assembly from the Annual Mayor's budgets from 2017-18 to 2023-24 The Mayor's budget | London City Hall

GLA Group revenue expenditure

The GLA Group Budget, 2023-24 is funded from a combination of:

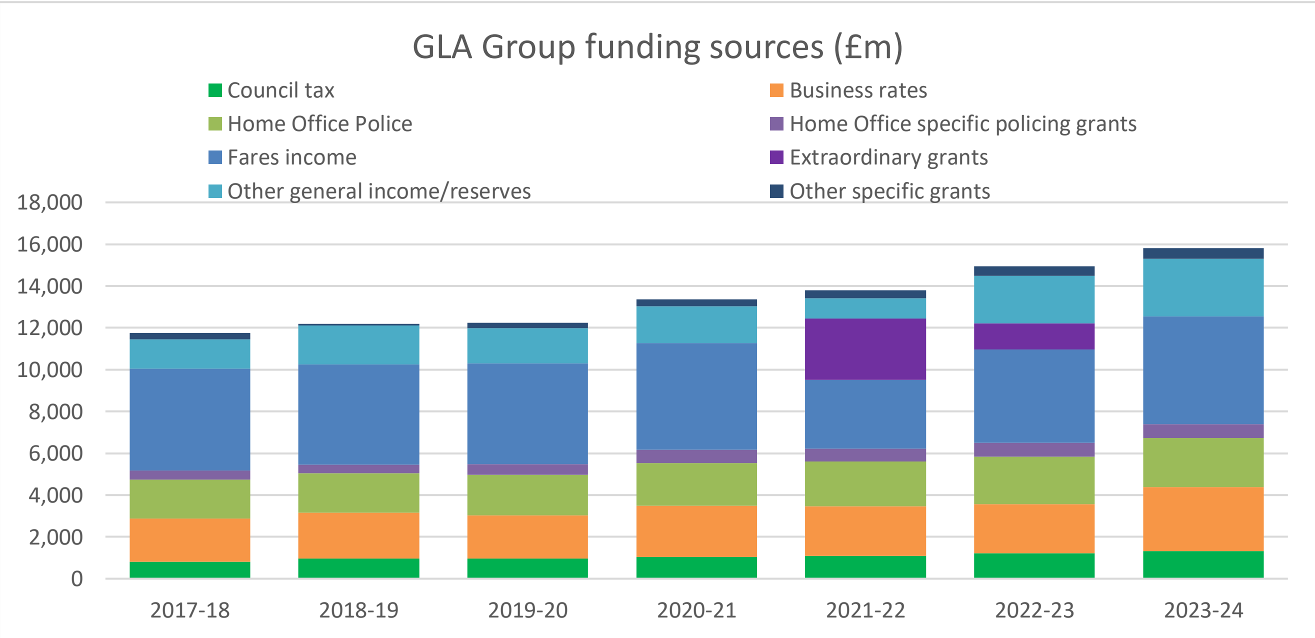
- council tax
- retained business rates
- fares and other income
- specific grants
- transfers from reserves.

The Mayor can also raise money for the GLA through the Community Infrastructure Levy,[7] a charge payable on a per-square-metre basis on new developments in London.[8]

Central government funds elements of the GLA via direct grant. For example, the GLA receives a core police grant from the Home Office for revenue and capital expenditure. Since 2013, the GLA has participated in the Business Rates Retention Scheme, enabling it to retain a proportion of any increase in business rates revenue.

Londoners pay a council tax precept, that helps to fund the services delivered by the GLA and its functional bodies. The level of the precept is determined by the Mayor's budget, which is set by the Mayor and agreed (or rejected) by the London Assembly. The GLA and its functional bodies can also borrow money, within limits subject to the Prudential Code – a framework aimed at ensuring the capital spending of local authorities is affordable.

Figure 3: GLA Group budgeted funding sources for revenue expenditure



[7] The Community Infrastructure Levy (the 'levy') is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area.
[8] DLUHC, [Community Infrastructure Levy - GOV.UK (www.gov.uk)](), 4 January 2023

The GLA Group funding chart, above, highlights the impact that the variability of TfL fares income has on the GLA Group budget following the reduction in fares income through the pandemic, and how this was addressed through extraordinary government funding.[9]

Council tax income

The Mayor intends to raise £1.3 billion from council tax in 2023-24 according to his 2023-24 Consultation Budget.[10] The following chart below shows how this has increased from £805 million, a 63 per cent increase, since 2017-18. Council tax precept increases are cumulative and once frozen cannot be reapplied in future years.

Figure 4: GLA Group budgeted council tax income

The GLA receives income from a council tax precept on London's 33 billing authorities (the 32 London boroughs and the Common Council of the City of London). Income from council tax balances the GLA Group's net revenue expenditure, after allowing for income, revenue grants from the government and retained business rates.

A separate Band D council tax charge for the GLA Group's services applies in the City of London, compared to the 32 London boroughs, as it is not part of the Metropolitan Police District and has its own police service. Council taxpayers in the City of London therefore contribute separately towards the costs of the City of London Police, rather than MOPAC. As a result, council taxpayers in the City of London pay the

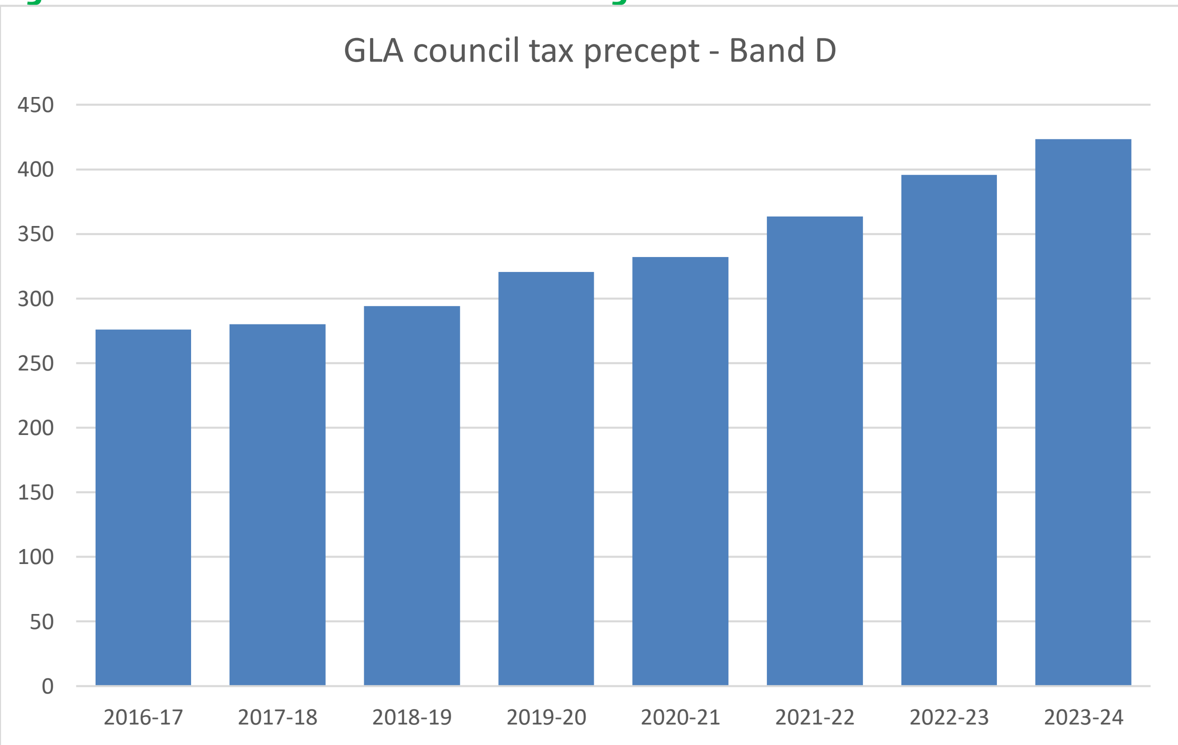
[9] Prepared by the London Assembly from the Annual Mayor's budgets from 2017-18 to 2023-24 The Mayor's budget | London City Hall
[10] Mayor's Consultation Budget 2023-24 (london.gov.uk), 16 December 2022

'unadjusted' basic amount of council tax to the GLA (also known as the non-police precept). Council taxpayers in the 32 London boroughs pay the 'adjusted' amount of council tax, which is made up of the unadjusted amount, for non-police services, and a separate element for policing services.

The Mayor has previously had a discretionary power to increase these Band D council tax precepts by 1.99 per cent each year. A referendum of council taxpayers is usually required if council tax increases exceed 1.99 per cent.

The government can also approve additional increases to fund specific activities, which do not trigger a referendum. These specific increases have been used in recent years to increase funding for policing and for TfL.

Figure 5: Increase in Band D council tax charge



On 17 November 2022, the Chancellor of the Exchequer announced as part of his Autumn Statement that the government will give local authorities in England additional flexibility in setting council tax, by increasing the referendum limit for increases in council tax from 1.99 per cent to 3 per cent per year from April 2023. [11] In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2 per cent per year. It was confirmed in the 19 December 2022 provisional local government finance settlement for 2023-24 that these wider parameters will apply to the Mayor of London. [12] This was after the Mayor's Consultation Budget was published.

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[11] Autumn Statement 2022: A summary CBP-9678.pdf (parliament.uk), 17 November 2023
[12] Provisional local government finance settlement: England, 2023 to 2024 - GOV.UK (www.gov.uk), 19 December 2022

In the Consultation Budget the Mayor is assuming an increase of £27.89 the overall GLA Band D council tax charge between 2022-23 and 2023-24. This is based on a 1.99 per cent rise in both the police precept and the non-police precept with an additional £20 applied on the latter for transport services. In his Consultation Budget, the Mayor states that he will take a decision as to whether to apply the full permitted £15 increase for policing (i.e. an additional £9.47 on the police element at Band D) and the 3 per cent cap for non-police services (up to an additional £1.19 per band D property) once he has had an opportunity to consider fully the provisional local government, fire and police settlements.[13]The Mayor confirmed at the Budget and Performance Committee on 5 January 2023 his intention to increase the policing precept by the full £15 permitted. When he spoke about the possibility of applying the 3 per cent cap instead of the budgeted 1.99 per cent at the same meeting, he described this as a 'decision coming up'.

In the press release supporting the publication of his Consultation Budget, the Mayor stated:

> 'Our city is facing an extremely challenging time due to the state of the national economy and the cost-of-living crisis, which is hitting many Londoners hard. The last thing I want to do is raise council tax, but I want to be honest with Londoners that the government is leaving us with no viable option if we are to maintain the transport services Londoners rely on and to ensure our police officers and firefighters have the resources they need. I believe council tax is a regressive tax, but there are no other feasible options available to me in order to properly fund London's vital public services.'[14]

The Mayor confirmed on 5 January 2023 at the Budget and Performance Committee that he intended to increase council tax to the maximum level available to him but describes it as a "regressive tax".[15] This includes taking advantage of the increase in the referendum limit from 1.99 per cent to 3 per cent as well as the full permitted £15 increase for policing and the additional £20 for funding TfL.

Table 1: Increases in the Band D council tax charge[16]

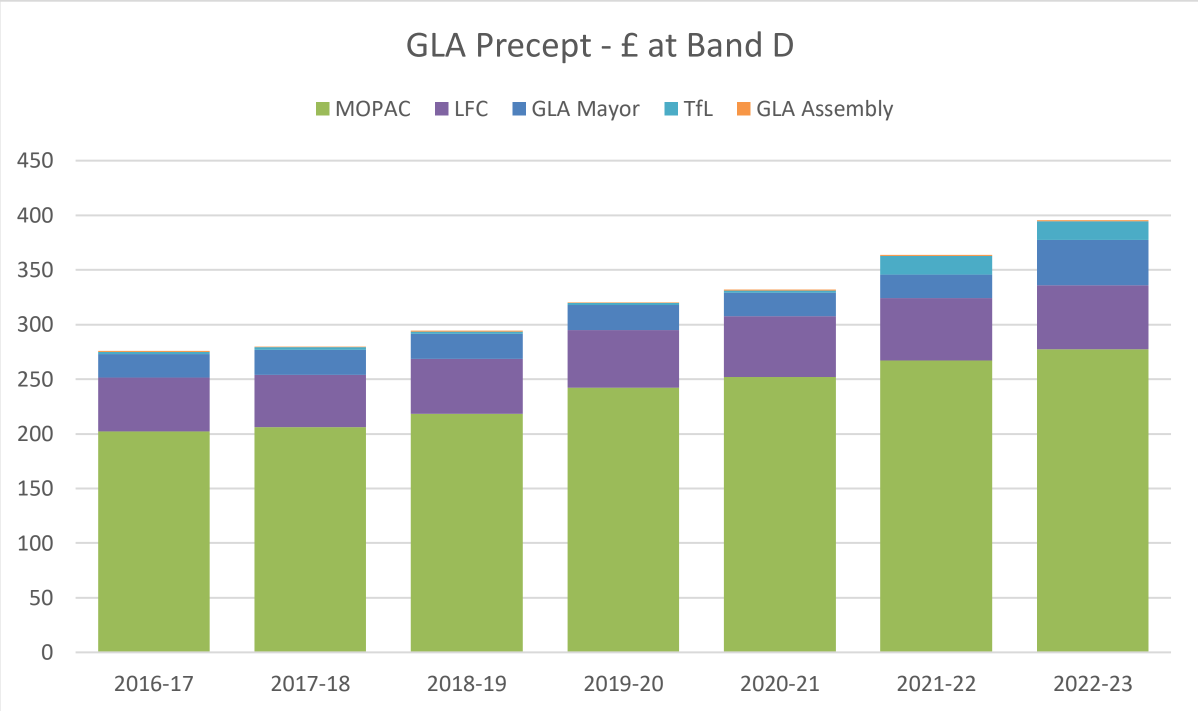
Year	From	To	£ Increase	% Increase
2017-18	£276.00	£280.02	£4.02	1.5%[17]
2018-19	£280.02	£294.23	£14.21	5.1%
2019-20	£294.23	£320.51	£26.28	8.9%
2020-21	£320.51	£332.07	£11.56	3.6%
2021-22	£332.07	£363.66	£31.59	9.5%
2022-23	£363.66	£395.59	£31.93	8.8%
2023-24 - Consultation Budget	£395.59	£423.48	£27.89	7.1%
2023-24 - 5 January 2023	£395.59	£434.14	£38.55	9.7%
Overall	**£276.00**	**£434.14**	**£158.14**	**57.3%**

[13] P133 Mayor's Consultation Budget 2023-24 (london.gov.uk), 16 December 2022
[14] Mayoral Press Release Mayor publishes consultation Budget, 16 December 2022
[15] Budget and Performance Committee, 5 January 2023
[16] Annual Mayor's budgets The Mayor's budget | London City Hall
[17] The Mayor froze the non-policing precept in 2017-18

Council tax allocation

The Mayor has allocated the council tax receipts in previous years on the following basis. This highlights the growth in funding for TfL in recent years, and also that the majority of council tax is allocated to policing:

Figure 6: GLA council tax receipt allocations[18]



Recommendation 1: The Mayor should assess his intention to raise council tax to the full extent available to him for 2023-24, once he has confirmation of all expected income levels.

Business rates

The Mayor anticipates over £3 billion from retained business rates in his 2023-24 Budget. Business rates income is the GLA Group's second largest source of revenue after transport fares.

The precise allocations that each local authority will receive, including the GLA, are dependent on business rates and settlement funding baselines, which are set by the central government. These have been set out in the Provisional Local Government Settlement published on 19 December 2022[19] and the publication of the Mayor's Consultation Budget. The allocations will then be updated to reflect the boroughs' local taxation receipts, which will be received at the end of January 2023.

[18] Annual Mayor's budgets The Mayor's budget | London City Hall
[19] Provisional local government finance settlement 2023 to 2024: consultation - GOV.UK (www.gov.uk)

Business rates bills for properties are calculated by multiplying the 'rateable value' of a property by either the small business multiplier or the standard multiplier, and subtracting any relevant reliefs. Multipliers usually rise with the September CPI rate. In the 2022 Autumn Statement, the government confirmed that the business rates multiplier will be frozen in 2023-24, which it said would save UK taxpayers £9.3 billion[20]. The Autumn Statement also confirmed that local authorities would receive compensation for the reduction in revenues resulting from the freezing of the multiplier.

Ongoing uncertainty over income

There are still some areas of the GLA's income that have not been finalised in the 2023-24 Budget and for the plan years of 2024-25 and 2025-26. These are as follows:

- **Business rates** - The precise allocations the GLA will receive are dependent on the forecast billing authority local taxation receipts which will be received at the end of January 2023
- **Council tax** - The precise allocations the GLA will receive are dependent on the forecast billing authority local taxation receipts which will be received at the end of January 2023
- **The multiplier cap compensation** - The mechanics of the compensation business rates retention system for the GLA have not been confirmed. The level of compensation has been assessed by the GLA to be between £45 million and £175 million with a mid-point of approximately £110 million.
- **Collection outturn for 2020-21 and 2021-22** – The GLA receives council tax and business rates based on the London boroughs' estimates for the budget year. Subsequent adjustments are made where actual amounts collected are different from these estimates. The 2020-21 and 2021-22 outturn position is still to be finalised due to delays in the audits of a number of London billing authorities and a forecast outturn for 2022-23 will not be available until billing authorities report this at the end of January 2023.

The GLA has historically struggled to accurately predict the level of income available to the GLA Group from business rates and council tax until government guidance is released. This has typically led to adjustments to the initial budget proposals made in November each year averaging £198 million per year over the last six years.[21]

The Budget and Performance Committee reviewed the Mayor's 2023-24 Budget Guidance at its meeting on 21 September. The Committee remains concerned that the prudent approach set out in the Mayor's 2023-24 Budget Guidance will result in large additional amounts being added to his spending plans at the start of February 2023. The Committee wrote to the Mayor on 21 November 2022 to convey its concern that this last minute approach to adding expenditure results in sub-optimal planning..[22] The Committee's concerns were confirmed when the Mayor informed the Committee on 5 January 2023 that he was anticipating an additional £91 million compared to the assumed level of income in his 2023-24 Budget Guidance.

[20] Autumn Statement 2022: Business Rates Factsheet - GOV.UK (www.gov.uk)
[21] This is the difference between the Mayor's Final Budget and his Consultation Budget.
[22] London Assembly publications | LGOV

This is far from a new concern for this Committee, which as part of the 2022-23 budget process recommended that the Mayor shared indicative allocations with the Committee along with his budget proposals. The Mayor did not accept this recommendation.

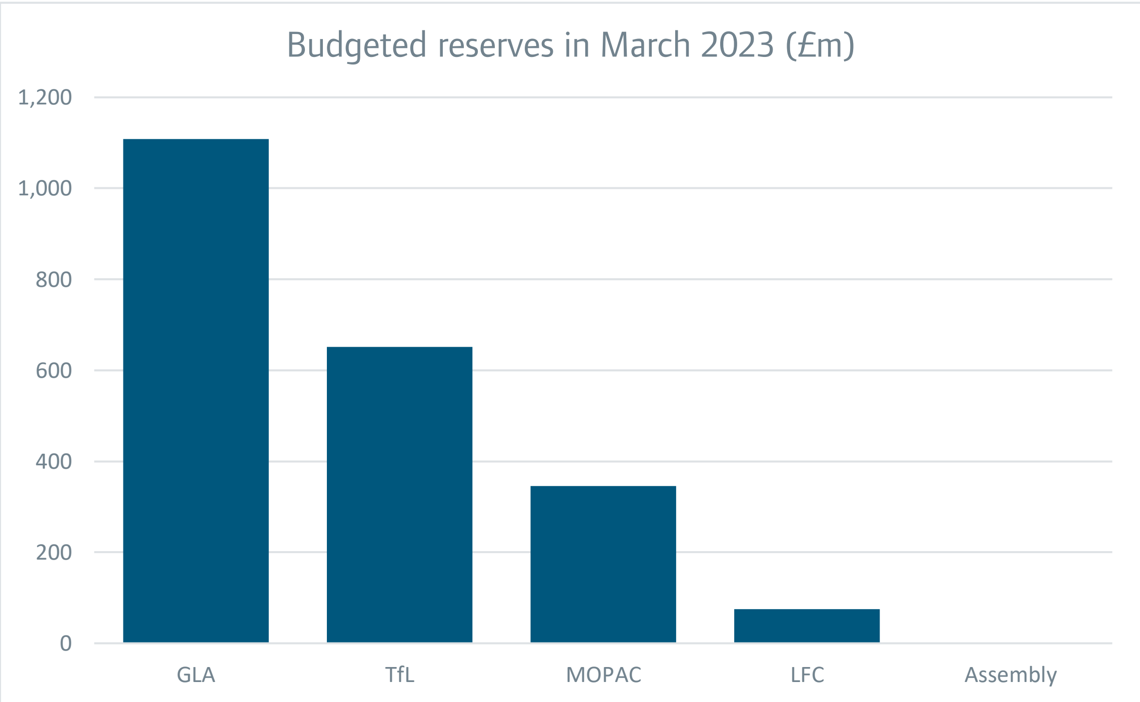
Recommendation 2: The Mayor should develop and implement a change to the budget setting process that ensures that additional income beyond that anticipated in budget guidance is allocated through a process that is robust, transparent and sustainable. This should include an additional Budget and Performance Committee meeting to scrutinise his proposals.

GLA Group reserves

The GLA Group holds reserves both separately and collectively around the group. The reserves for the OPDC and the LLDC are held within the GLA, while TfL, MOPAC and LFC hold their own reserves.

The 2022-23 GLA Final Budget anticipated reserves of £2.2 billion across the Group as at 31 March 2023. This amounts to 15 per cent of the budgeted revenue expenditure for the GLA Group.[23] The GLA Group's reserves are held in the following areas.

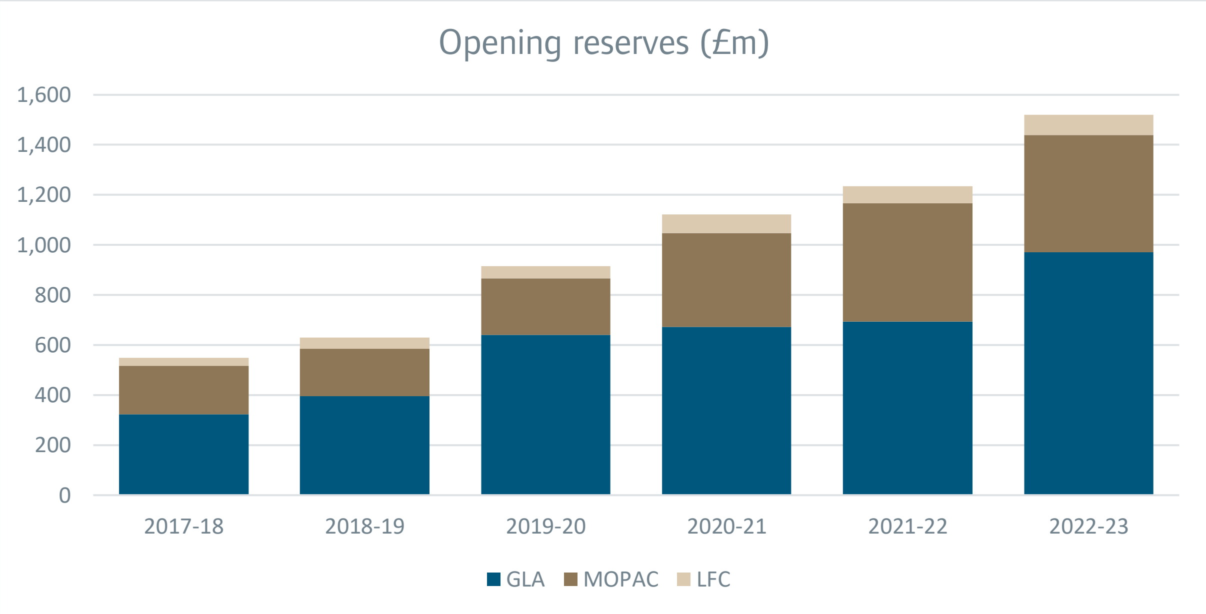
Figure 7: Anticipated reserves levels in March 2023



[23] 2022-23 Final GLA Budget Date (london.gov.uk)

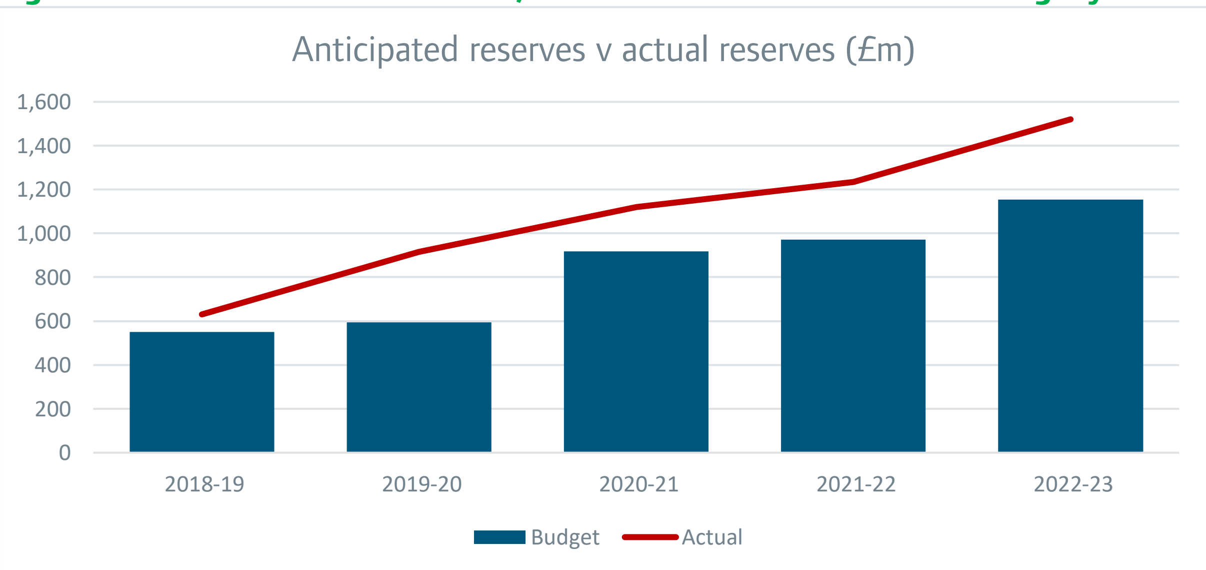
There has been a trend over the last five years of increasing reserves for the GLA, MOPAC and LFC. This is highlighted in the following chart. The level of reserves has nearly trebled since the Mayor's first budget in 2017-18.[24]

Figure 8: Opening reserves levels in each budget



This increase has occurred despite plans set out each year to reduce or maintain reserves, as shown in the Figure 9, below. The 'budget' bars show the anticipated reserve level at the end of the budget year. The actual reserve level is shown by the red line. In all years, the actual level of reserves is higher than anticipated in the budget level of reserves.

Figure 9: Reduction in total GLA Core, MOPAC and LFC reserves in the budget year[25]



[24] 2022-23 Final GLA Budget Date (london.gov.uk)
[25] The Mayor's budget | London City Hall

GLA Core reserves

The GLA Core reserves are expected to start the budget year at £317 million. 12 per cent of these reserves are expected to be used by March 2026, as shown in the chart below.

Table 2: GLA Core anticipated reserves 2023-2026[26]

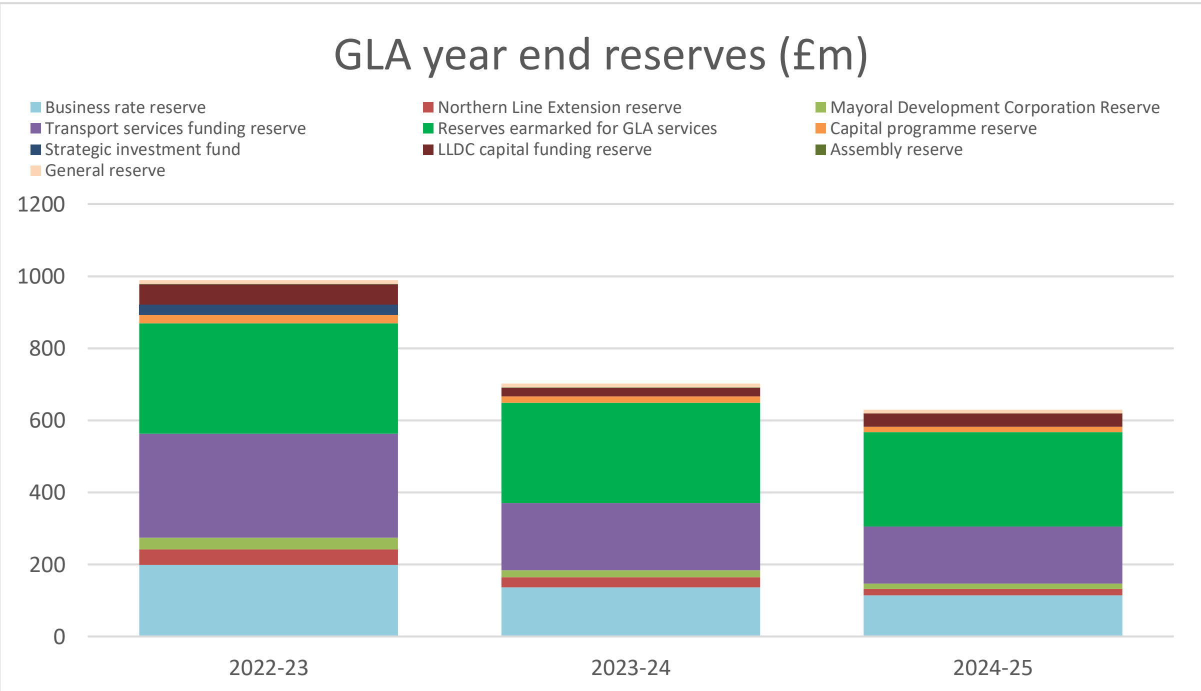
£m	March 2023	March 2024	March 2025	March 2026
Climate change reserve	90.0	86.0	80.0	75.0
Revenue grants unapplied reserve	52.5	48.6	50.1	54.1
New Museum Project	22.0	25.0	28.0	31.0
Young Londoners Fund reserve	28.7	28.7	28.7	28.7
Directorate reprofiling	35.4	17.0	16.2	16.2
Interest smoothing	14.5	14.5	14.5	14.5
Election	11.0	13.6	7.8	14.1
General reserve	10.0	10.0	10.0	10.0
Other specific reserves	62.6	56.4	50.1	45.7
Total	**316.7**	**289.8**	**275.4**	**279.3**

Included in the GLA reserves are specific reserves totalling £64 million (Young Londoners Fund reserve and Interest smoothing and General reserve) that show no expected movement at all across the four years.

GLA Group reserves

The GLA also holds further reserves on behalf of the wider GLA Group. These are separate to reserves held directly by the functional bodies. The 2023-24 Consultation Budget anticipates the GLA Group reserves will total £989 million on 31 March 2023.

Figure 10: GLA Group reserves[27]



[26] Appendix G, Appendix 1 - GLA budget 23-24 Final.pdf (london.gov.uk), 14 November 2022
[27] Mayor's Consultation Budget 2023-24 (london.gov.uk), 16 December 2022

TfL reserves

The other main reserves in the GLA Group are held by TfL itself. These have followed a less regular pattern as TfL has utilised its reserves during the pandemic and in response to the funding agreement with government, as shown in Figure 11, below.

Figure 11: TfL opening reserve level in each budget

In December 2019, TfL changed its treasury management policy, doubling its requirement to hold 30 days of operational costs as a minimum cash reserve to 60 days. In March 2020, TfL also more than tripled its general reserve to £500 million. It has historically been held at £150 million. This was 'to ensure liquidity and protect from short-term fluctuations in cash requirements.'[28]

TfL built up its cash reserves by 31 per cent between May 2016 and March 2020. Going into the pandemic, TfL's cash reserves were £2.2 billion. With the steep decline in passenger income during the COVID-19 pandemic, TfL identified a funding gap of £1.9 billion in the first half of 2020-21. Of this, £1.1 billion was covered through the first extraordinary funding and financing package from the government for the period from April to October 2020 and the remainder was funded from TfL's cash balance.[29] At the end of Q2 2022-23, TfL's cash balances were £1.1 billion.

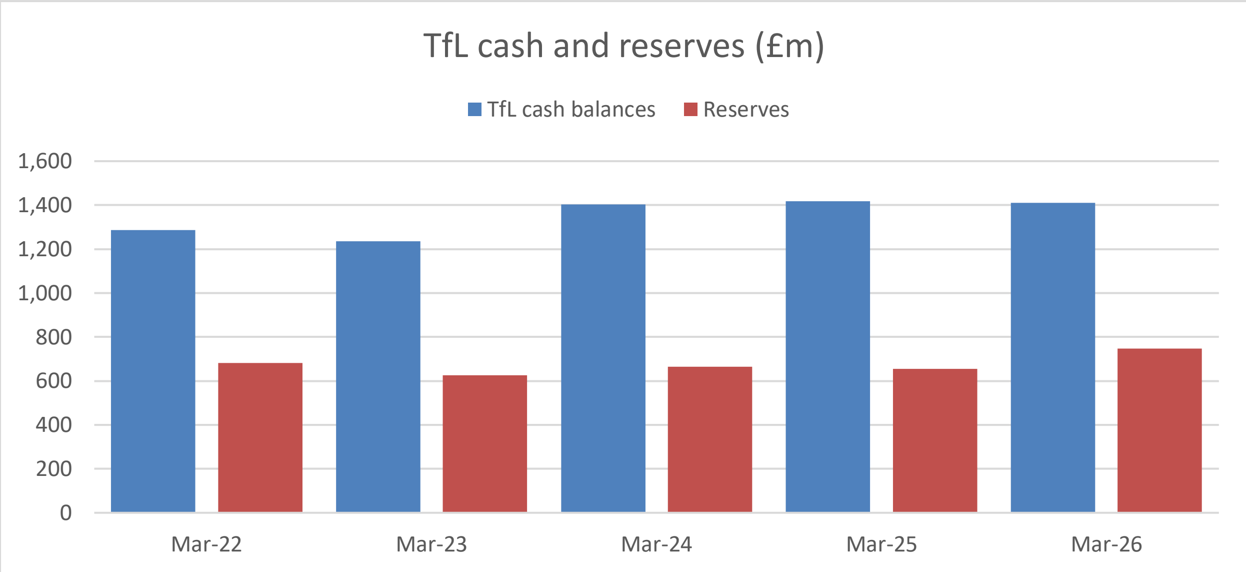
The level of reserves at the beginning of 2023-24 is expected to be £625 million as shown in Figure 12 below. In the budget year reserves are expected to increase by £40 million to £665 million by the end of 2023-24. For 2024-25 and 2025-26, TfL anticipates an increase of £83 million in its reserves, from an opening balance of £665 million.

TfL officers explained at the 11 October 2022 Transport Committee about how the 30 August 2022 financial settlement with government reduces financial risk to TfL. The TfL Statutory Chief Finance Officer

[28] TfL, Budget Submission 2021-22, March 2021
[29] London Assembly, Transport Committee, 30 June 2021

advised: "the funding settlement provides some really important risk mitigation for us, above and beyond the base funding cash. The two most significant are mitigation on passenger demand volatility, and inflation. They are probably the two largest financial risks that we face right now."[30]

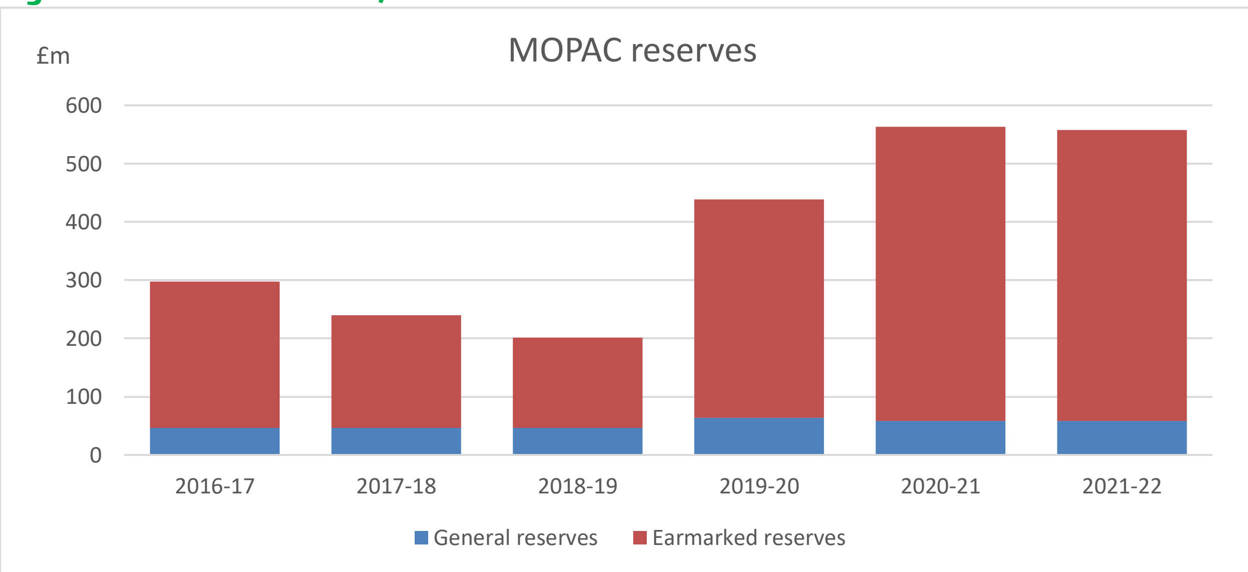
Figure 12: TfL reserves and cash[31]



MOPAC reserves

Total MOPAC reserves on 31 March 2022 were £569.4 million.[32] Figure 13 shows MOPAC reserve levels between 2016-17 and 2021-22, broken down by 'general reserves' and 'earmarked reserves.'

Figure 13: MOPAC reserves, 2016-17 to 2021-22[33]



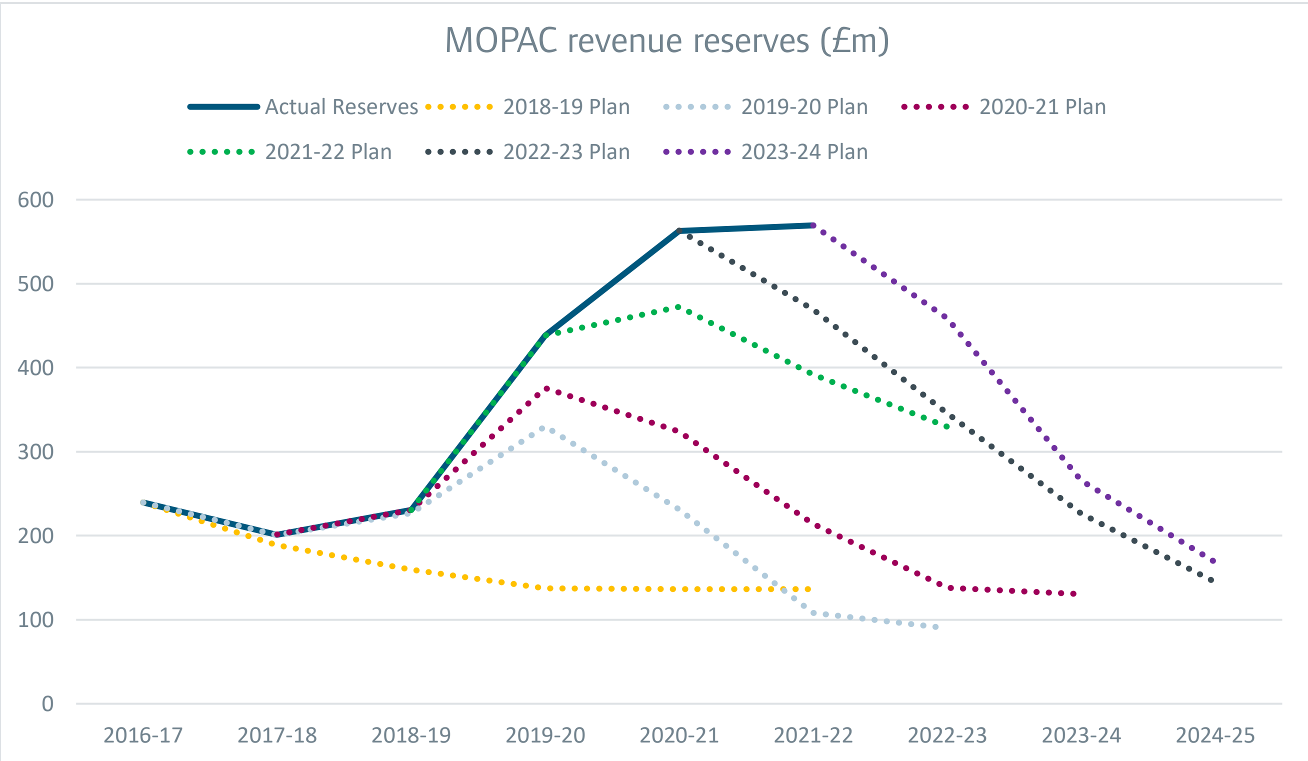
[30] Transport Committee Transcript, 11 October 2022
[31] TfL 2023-24 Budget tflbudget2324acc2.pdf
[32] Appendix 5 – MOPAC Quarterly Performance Update Report, Quarter 4 2021-22.pdf
[33] Quarterly performance reports MOPAC publications | London City Hall

The Committee has taken a longstanding interest in the trend towards increasing reserves, including at the Committee's meeting in July 2022, at which the Met's Finance Director stated that there were plans to reduce the reserve level to £120 million over the next four to five years. He stated that "the reserves balance, as you rightly point out, is about £500 million. We have plans, which we have put in the published budget, that take us down to about £120 million over the next four or five years."

The MPS has stated that an underspend has arisen because the organisation has been unable to spend the money it has received – principally by recruiting additional officers and staff – and has therefore transferred the money to its reserves. At the Committee's meeting in July 2022, the MPS Director of Finance stated that 'we have quite a healthy revenue budget at the moment with the growth that is going into the organisation. As we have said previously, the challenge we have had last year was actually spending all of the money.'[34]

The 2022-23 GLA Group Budget anticipates a reduction in MOPAC reserves in 2022-23 of £124 million, and then a further reduction of £200 million by the end of 2024-25.[35] This follows similar plans to utilise these reserves for the previous four years. Figure 14 shows the planned reduction against the actual increase in reserves over the last five years and the current submission.

Figure 14: MOPAC planned reserve reductions against actual reserve levels, 2016-17 to 2022-23[36]



[34] P24 Budget and Performance Committee ,14 July 2022
[35] 2022-23 GLA Group Budget P44 Date (london.gov.uk),March 2022
[36] Mayor's final budget for 2018-19 to 2022-23 The Mayor's budget | London City Hall and MOPAC quarterly performance reports MOPAC publications | London City Hall

Recommendation 3: The Mayor should reassess the GLA Group reserves position and establish a clear and consistent policy for the use of reserves across the GLA Group.

This report considers the budget proposals for the individual parts of the GLA Group in turn in the following chapters.

Chapter two – TfL

Key findings:

- **The TfL 2023-24 Budget reflects the 30 August 2022 funding settlement with government. In addition, the Mayor has made available a £500 million funding facility and £383 million funding from his Transport Services Reserve.**
- **There is no fixed government revenue support for TfL for 2023-24, instead the government has guaranteed fares income at £5.2 billion.**
- **TfL plans to cover its operating cost and capital renewals in 2023-24 without fixed government funding, despite operating costs increasing by over £700 million and after requiring government funding of £865 million in 2022-23. Passenger income, as guarenteed by government, is anticipated to rise by just over £1 billion.**
- **The total income for 2023-24 reflects the full-year impact of the Elizabeth line operations and the part-year income from the London wide ULEZ extension.**
- **No savings have been assumed in the budget from reform of the TfL Pension Scheme.**
- **The TfL 2023-24 Budget includes the holding of cash balances of £1.2 billion.[37]**
- **TfL's capital expenditure plans for 2023-24 include additional government funding of £283 million that has not been confirmed.[38]**

Background

TfL is by some distance the largest of the Mayor's functional bodies, accounting for 55 per cent of the £20 billion funding for the GLA Group in the Mayor's 2023-24 Consolidation Budget. Its capital expenditure at £2.3 billion is also over half of the GLA Group's total.

TfL funding sources

The TfL Draft 2023-24 Budget is funded from a combination of:

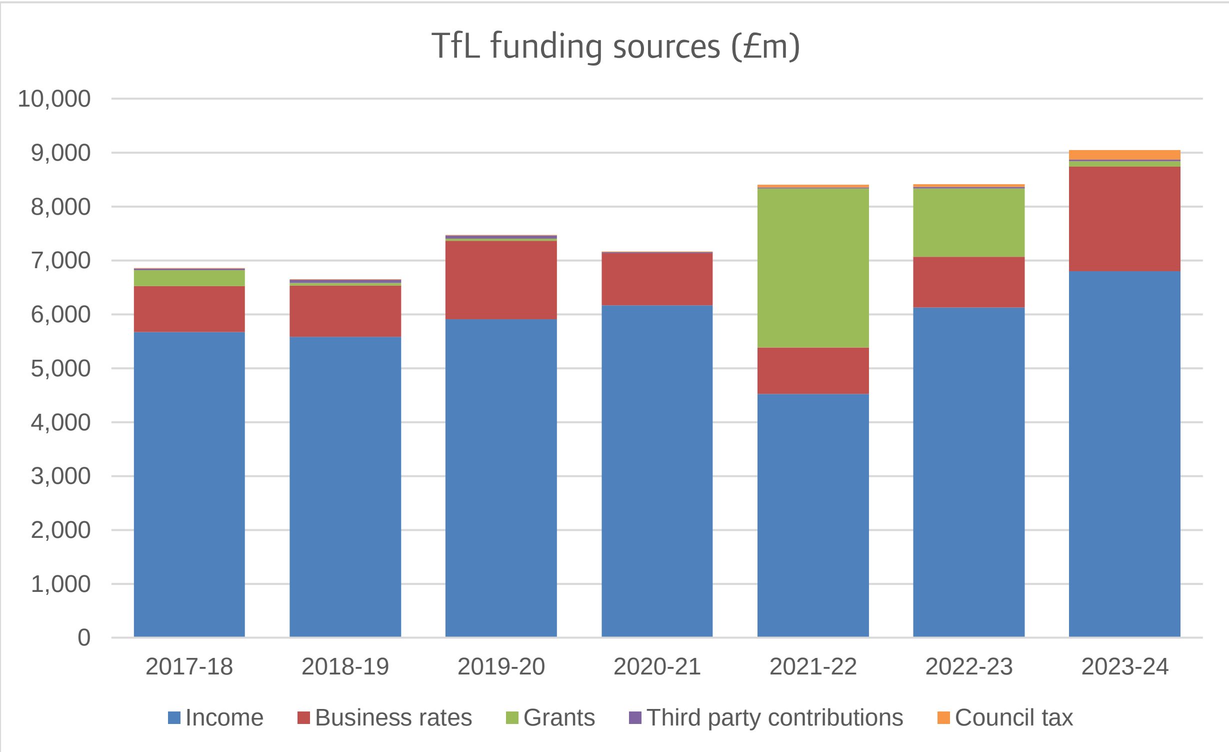
- fares and other income
- council tax
- specific grants
- retained business rates

[37] Para 6.5 Mayor's Consultation Budget 2023-24 (london.gov.uk), 16 December 2022
[38] P19 TfL Board TfL Business Plan presentation, 7 December 2022

- transfers from reserves.

The funding for revenue expenditure in the TfL budget has increased by 30 per cent since the current Mayor's first budget in 2017-18.[39] This has been driven predominantly by a more than doubling of business rates, and income increasing by 20 per cent. Income for TfL includes fares, road user charges, income from commercial activities including advertising, property rentals and property sales, and third-party sponsorship for Santander Cycles and the IFS Cloud Cable Car.

Figure 15: TfL budgeted funding sources



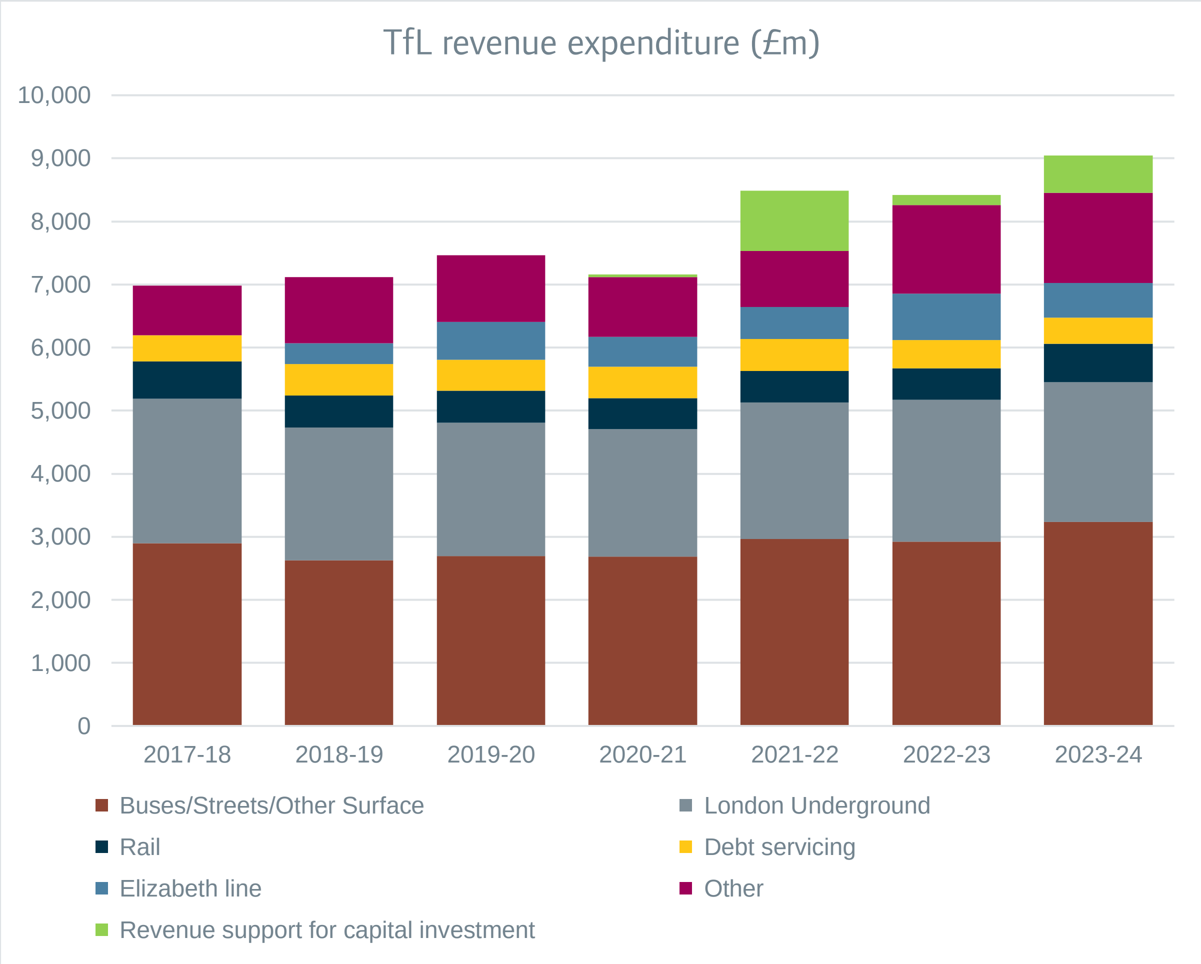
The TfL funding chart above highlights the role that government grants have played in TfL's budgets following the reduction in fares income through the pandemic.

The increase in revenue expenditure shown in Figure 16 in the TfL budgets since 2017-18 reflects increased support for capital investment from revenue sources, as well as the cost of new services such as the Elizabeth line and the additional Road User Charging operations from the ULEZ.

The chart also shows the level of council tax funding for TfL has increased substantially: from £6 million in 2020-21 to £177 million in 2023-24.

[39] Mayor of London, [The Mayor's budget | London City Hall]

Figure 16: TfL budgeted revenue expenditure



Since 2015, TfL has seen reductions in the operating grant received from central government. TfL's remaining operating and capital grants were gradually replaced by allocations under the Business Rates Retention scheme. Between April 2018 and the pandemic funding in May 2020, TfL did not receive any central government grant support towards its operating costs.[40] TfL had described this as 'largely positive' for itself and London, until the pandemic impacted levels of funding.[41] Prior to the pandemic, TfL stated that in the previous four years, it had made almost £1 billion in savings and had built up cash balances of more than £2 billion.[42]

The COVID-19 pandemic had a significant and sustained impact on TfL's ridership levels and finances during 2020 and 2021[43]. At its peak, there was a short time where 'TfL's passenger demand was reduced by more than 90 per cent'.[44] To mitigate this, a series of extraordinary funding packages were agreed, where TfL received top up funding of over £5 billion for lost passenger revenue from the government.

[40] TfL, Financial Sustainability Plan , January 2021
[41] TfL,P33 Financial Sustainability Plan , January 2021
[42] TfL publishes draft revised budget for 2020/21 designed to keep London moving and support UK's economic recovery - Transport for London
[43] DfT COVID-19-transport-use-statistics.ods (live.com), March 2020 to December 2022
[44] TfL, Financial Sustainability Plan, January 2021, p. 35

Long-term funding settlement

On 30 August 2022, TfL announced that it had reached agreement with the government on a new funding settlement lasting until 31 March 2024.[45] The agreement with the government means that across the funding period, TfL expects to receive further base funding of around £1.2 billion from government, as well as ongoing revenue support should passenger numbers not recover at the rate budgeted.

TfL's statement on the funding settlement states that it:

- guarantees TfL's passenger revenue until March 2024. This provides TfL with much more certainty about its available resources, despite the ongoing uncertainty in passenger behaviour post-pandemic;
- confirms TfL's ability to deliver its committed transport investment, including purchasing new trains for the Piccadilly line and Docklands Light Railway, completing in-progress schemes like Four Lines Modernisation, the Bank station upgrade and the transformation of Old Street Roundabout, and finalising the transformational investment in the Elizabeth line;
- allows TfL to increase renewals in its infrastructure above the level it had budgeted in 2022-23;
- enables TfL to continue to invest in improving London's streets, including borough roads, with around £80 million per year spent on projects that benefit people walking and cycling;
- enables TfL to invest in improving bus priority to help deliver its Bus Action Plan; and
- confirms TfL will work in partnership with the DfT and London Borough of Hammersmith and Fulham to reopen Hammersmith Bridge.[46]

Risk reduction

The 30 August 2022 funding settlement provided TfL with financial risk mitigation. The two most significant measures are: mitigation of passenger demand volatility and inflation. With that risk mitigation in place, TfL says it was able to take a number of further actions to reduce its funding gap. TfL therefore decided it did not need to increase its cash balances further in 2023-24, because its risk profile was lower. This allowed TfL to increase expenditure by £200 million, which would otherwise have been used to increase its cash balance.

TfL can hold a lower level of operating contingency in the budget because the risks against which this contingency is sized have reduced. That saves TfL around £100 million over the two years. The inflation mechanism that is included in the 30 August funding settlement provides certainty against inflation risk, and will also provide some increased funding in 2023-24 if inflation stays at the currently expected levels. TfL expects that to be around about £150 million.[47] The settlement includes funding of £132 million for the impact of inflation on TfL in 2023-24; but this will increase if, at the time of the agreement, the Office for Budget Responsibility's forecasts for inflation increase from that.

TfL finance facility

On 21 September 2022, the Mayor announced a £500 million 'facility' to ensure TfL's budget will balance throughout the period of the latest funding agreement with the government.[48] This facility will restrict the GLA's future financial flexibility and the money will be withheld from future funding from the GLA to TfL. The Mayor said that this facility gives TfL time for its revenue to recover and protects essential services for Londoners. [49]

[45] TfL, TfL Statement – Update on Government funding settlement, 30 August 2022
[46] TfL, TfL Statement – Update on Government funding settlement, 30 August 2022
[47] London Assembly, Transport Committee, 11 October 2022
[48] Mayor of London, Mayor establishes new facility to ensure TfL can balance its budget, 21 September 2022
[49] Mayor establishes new facility to ensure TfL can balance its budget | London City Hall

The Mayoral statement says that the facility is designed to ensure that TfL's budget will balance, in the context of the gap and the risks TfL's Chief Finance Officer has identified to the delivery of their budget, such as the level of non-passenger income[50] generated, which is not covered by the government's guarantee.

At the 4 January 2023 Budget and Performance Committee TfL confirmed that its 2023-24 Budget assumes that this facility is not used during the year.

The £500 million GLA financing facility remains available but its purpose is to enable and support the balanced budget. Therefore there is no assumption that it is drawn on. It is there as part of our risk mitigation. We have already discussed some of the risks that we are facing and that are incorporated and reflected in the budget. Therefore that remains available as a facility but it is not assumed to be drawn on in this budget submission.
Rachel McLean
Chief Financial Officer, Transport for London

Recommendation 4: The Mayor should set out the conditions for use of the £500 million facility in his 2023-24 Final Draft Consolidated Budget along with the remaining Transport Services Reserve held by the GLA.

Key 2023-24 Budget assumptions

Income/ridership

TfL, along with other delivery partners in the transport sector, has been strained by a reduction in ridership caused by COVID-19. Fares income, which is the primary source of income for TfL, fell from £4.75 billion in 2019-20 to £1.6 billion in 2020-21 but has increased to £4.3 billion in 2022-23.[51]

TfL's projected income assumes that passenger demand increases to 86 per cent for Tube and 91 per cent for buses of pre-pandemic levels by 2025-26.[52] The level of ridership assumed for 2023-24 is set out in the following table.

[50] Such as marketing and property rental income.
[51] TfL, Annual Report and Statement of Accounts 2020/21
[52] TfL Board TfL Business Plan presentation, 7 December 2022

Table 3: Ridership assumptions compared to pre-pandemic levels[53]

	2022-23	2023-24
London Underground	77%	83%
London Overground	82%	86%
Docklands Light Railway	74%	78%
London Trams	77%	89%
Buses	81%	90%
Total TfL	**81%**	**90%**

In the week commencing 5 December 2022, the average weekday bus usage was 84 per cent and weekend was 86 per cent of pre pandemic levels[54]. Ridership levels on the London Underground compared to pre pandemic levels in the same week were 81 per cent during the week and 93 per cent for the weekend[55]

Travel Concessions

To help meet the conditions of TfL's funding agreement with the government, the Mayor announced in December 2021 that he was considering some modifications to fares structures and ticketing to raise £60-80 million per year. In September 2022, TfL implemented two of the options that had been considered. These were:

- all-day peak Heathrow fares for journeys that start or end at Heathrow Airport or go through Zone 1; and
- increasing the charge for a new Oyster card from £5 to £7.

Other options still being considered are increasing the age eligibility for the 60+ photocard, restricting the 60+ and Older Persons Freedom Pass for use only after 9am, and withdrawing from the Travelcard agreement with the Train Operating Companies. On 15 June 2020, the validity of the Older Persons Freedom Pass and 60+ Oyster were removed from the morning peak on a temporary basis in response to the pandemic. The Mayor's Consultation Budget states that no final decision has been made as to whether to make this a permanent change, and any change in eligibility would only be supported following consultation with appropriate key stakeholders.

At the Budget and Performance Committee on 4 January 2023, TfL confirmed that its budget assumes the additional income that would be generated from continuing with the restriction on the Older Persons Freedom Pass and 60+ Oyster. The Mayor told us on 5 January 2023 that a final decision would be made on the basis of a "cost/ benefit analysis".

> *It will be a cost/benefit analysis in relation to the cost of the free travel for those above the age of 60 between 4.30am and 9am versus the benefit….. But when it comes to me making my decision that will be one of the factors, bearing in mind the benefit also to those above the age of 60 for travel before 9am, hospital appointments and so forth, versus the cost as well.*[56]
> ***Sadiq Khan***
> ***Mayor of London***

[56] Budget and Performance Committee, 5 January 2023

Recommendation 5: The Committee recommends that the Mayor publishes his cost benefit analysis of the restriction on the Older Persons Freedom Pass and 60+ Oyster from the morning peak.

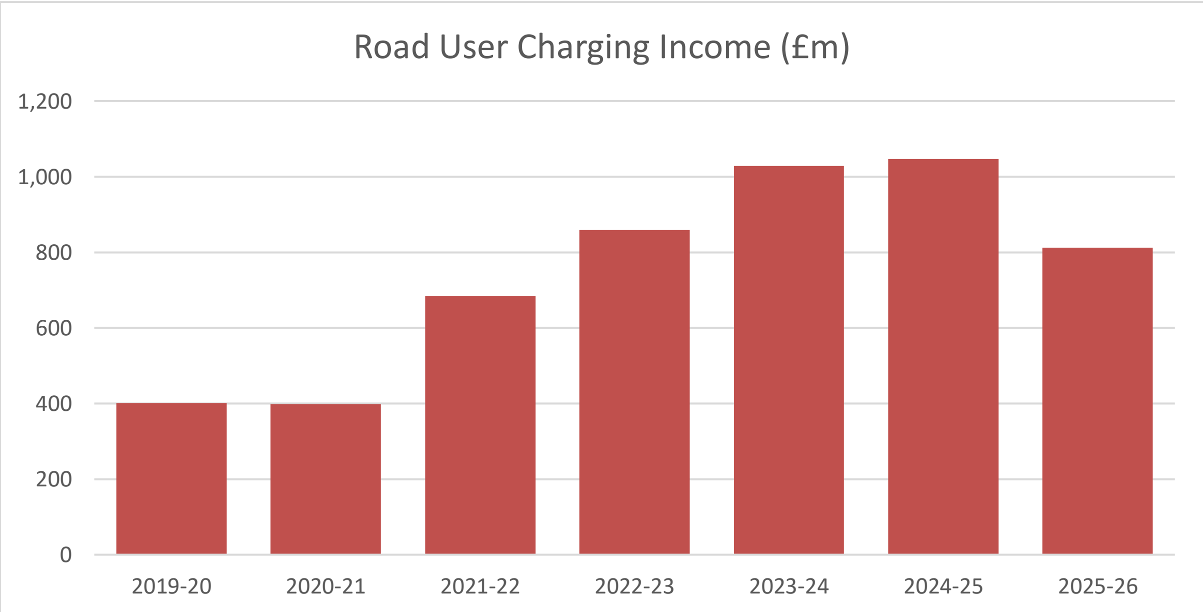
New services

ULEZ expansion

The ULEZ zone was expanded in 2021, and currently covers all areas within the North and South Circular Roads. A consultation on the expansion of the ULEZ ran from 20 May to 29 July 2022. TfL reported that the consultation received 57,937 responses. Significant concerns raised in the consultation responses included the potential disproportionate impact on disabled people, support for a vehicle scrappage scheme, proposed ULEZ expansion start date, the lack of public transport provision in outer London and the burden imposed by the proposed Penalty Charge Notice increase.[57] The Mayor decided in November 2022 to expand the ULEZ to cover almost the whole of Greater London.[58] The expansion will come into effect on 29 August 2023 and will operate across all London boroughs up to the existing Low Emission Zone boundary.

The following chart shows an increase in expected income in 2023-24, as a result of around seven months of operation of the new expanded zone. The full year impact will be seen in 2024-25. The level of charging income can be seen to reduce over time as compliance rates increase across the full expanded zone.

Figure 17: Road user charging income[59]



[54] This is the latest week available that has not been impacted by industrial action and the holidays.
[55] DfT Daily domestic transport use by mode - GOV.UK (www.gov.uk), 14 December 2022
[56] Budget and Performance Committee, 5 January 2023
[57] MD3060 London-wide Ultra Low Emission Zone (ULEZ) Scheme | London City Hall
[58] TfL, Cars
[59] P19 tflbudget2324acc2.pdf, November 2022

The expansion will be accompanied by a new £110 million scrappage scheme to support Londoners on lower incomes, disabled Londoners, charities and small businesses and sole traders. The Mayor's press release on 25 November 2022 stated that the expansion would be 'complemented by the biggest ever expansion of bus network in outer London.' It went on to say, 'New services and improvements, that will see over one million further kilometres added to the bus network, are also planned to support growth areas in a number of outer London location[s]'.

TfL confirmed on 4 January 2023 in the Budget and Performance Committee that the cost of implementation of the expansion would be £160 million and would initially generate a net operating surplus of approximately £200 million, but said that "it is very hard to estimate them accurately given it is a combination of volumes, compliance levels, contravention levels, payment rates from Penalty Charge Notices (PCN). Therefore there is a pretty broad range around that estimate of probably plus or minus 50 per cent."

The assumption within the budget is that implementation costs will be funded through use of the GLA Green Fund, the Green Bond, with the repayment occurring over the life of the environmental benefits.
Rachel McLean
Chief Financial Officer, Transport for London

At the Budget and Performance Committee with the Mayor on 5 January 2023, it was revealed that due to issues with the Bond markets, GLA cash reserves would be used to fund the infrastructure needed for the ULEZ expansion until a Bond was issued through the Green Bond Programme, which the GLA's Executive Director of Resources hoped would take place in the summer of 2023. The Committee will have further questions on this seeking clarity before the final budget is set.

We are still absolutely committed to the Green Bond on the same basis as we set out just under a year ago, but we want to go to market for that bond when the conditions are right. At the moment, the professional advice that David [Executive Director of Resources, GLA] and his team give us is that now is not the right moment to go to market. What we are doing is, for the time being, because we have a climate emergency, we need to get on and reduce emissions, improve air quality and all these things that the Green Bond was designed to cover. We need to get on and we will use the GLA's cash balances to fund that until such time as the bond market stabilises and the advice is that now is the right time to go.
David Bellamy
Mayor's Chief of Staff

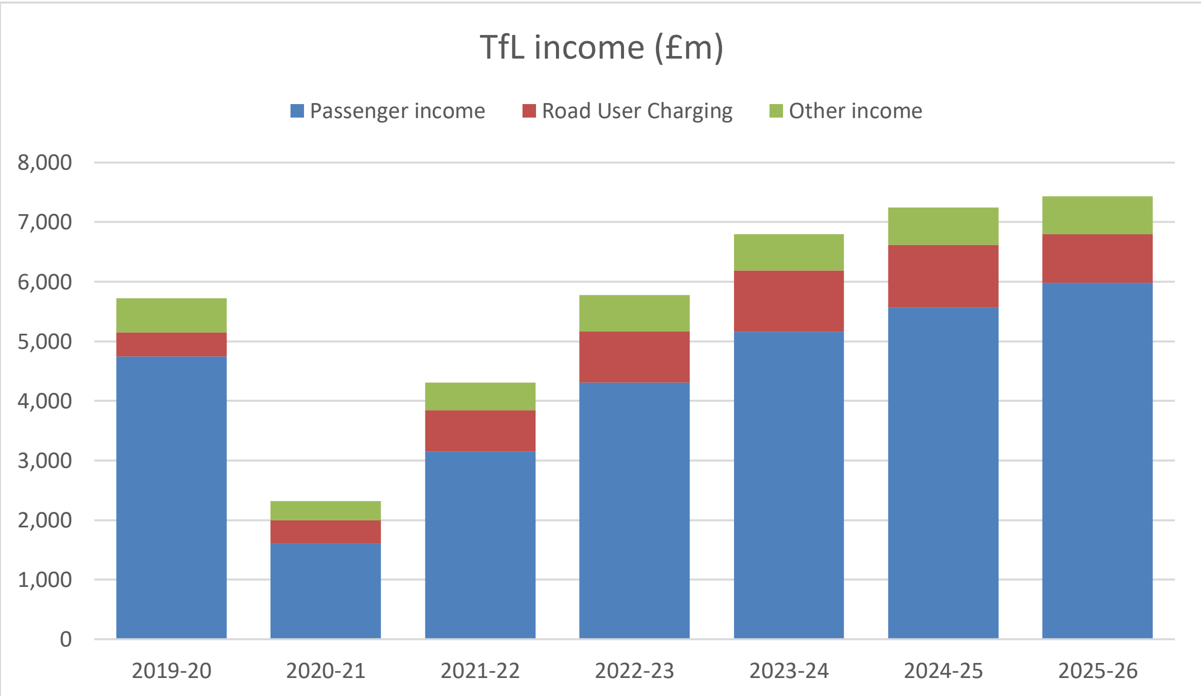
Recommendation 6: The Committee recommends that the funding for the ULEZ expansion is clearly set out in the Mayor's 2023-24 Draft Consolidated Budget. This should include a breakdown of the costs of expansion and the extra revenue anticipated from it.

Financial sustainability

Income

The draft TfL budget shows growth of £1.5 billion expected by 2025-26 due to the economy, population, office return and fare changes.[60]

Figure 18: TfL income sources[61]



The 30 August 2022 Funding Settlement between TfL and the Government includes a passenger revenue scenario based upon a planning assumption annual national fare rises of four per cent in March 2023 and a further four per cent in March 2024.

The level of fares increase on national rail services impacts the fares level on TfL services through the travelcard and daily capping agreement. Travelcard prices are set by agreement of the DfT with the Train Operating Companies and are subject to government fares regulation. If the national rail annual fares increase deviates from four per cent in

[60] TfL Board [TfL Business Plan presentation](), 7 December 2022
[61] TfL 2023-24 Budget submission [tflbudget2324acc2.pdf](), 25 November 2022

March 2023 and March 2024, the government funding specified in the TfL Funding Settlement will be updated to reflect this. The actual level of other TfL fares is set by the Mayor on an annual basis.[62] TfL fares historically tend to increase by RPI plus one per cent.[63] The July 2022 inflation rate was 12.3 per cent.[64]

The government announced on 22 December 2022 that regulated national rail fares will rise by 5.9 per cent from March 2023. This is below the 12.3 per cent rate of inflation that is usually used to calculate the fares rise each year.[65]

The TfL funding deal has meant the process for fares has changed. Pre-covid the Mayor made a Mayoral Decision on fares in November for a January change. For the last two years this had happened in January or February with fare changes happening in March. When we asked the Mayor about changes to fares at our meeting on 5 January, he said he had not made a decision. The Mayor's Chief of Staff said that the decision on fares was "not a decision for the budget process".

TfL advised the Committee at the meeting on 4 January 2023 that there were indirect financial implications of not aligning with the increase of fares on TfL services with the 5.9 per cent increase in regulated national rail fares. The Mayor has to increase fares by 5.9 per cent or face a reduction in funding from the 30 August 2022 government funding deal. It was also confirmed in the meeting on 5 January 2023 that there is flexibility to apply different rates to different TfL services to achieve an overall increase of 5.9 per cent.

The funding settlement was set before the national fare increase was known, but it does provide that adjustment as you have set out that our revenue scenario will be adjusted for the actual increase of 5.9 per cent but it remains the Mayor's decision on TfL fares. If the Mayor chooses to match that 5.9 per cent, the funding deal would effectively stand in terms of the quantum received for TfL. If the Mayor chose to go for a lower fare, TfL would receive less funding. If the Mayor went for a higher fare, TfL would benefit from that upside. It remains the Mayor's decision to set the fares for London.
Patrick Doig
Group Finance Director, TfL

Recommendation 7: The Mayor should clearly set out in his 2023-24 Draft Consolidated Budget what level of fares increases on TfL services he plans to implement in March 2023, and what impact this will have on expected income.

In the Mayor's 2021 manifesto he planned to 'make best use of the network, I will ask TfL to explore the use of more dynamic fare pricing.'[66]

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[62] TfL 2023-24 Budget tflbudget2324acc2.pdf
[63] TfL Business Plan P36 Business Plan 2020/21 to 2024/25 (tfl.gov.uk)
[64] Consumer price inflation, UK - Office for National Statistics
[65] DfT Biggest government intervention ever to keep rail fares down - GOV.UK (www.gov.uk), 22 December 2022
[66] Sadiq-for-London-Manifesto-.pdf

The TfL Commissioner said at the 4 January 2023 Budget and Performance Committee:

> *"The Mayor has asked us to look at and explore dynamic fare pricing. We have concluded that it is not technically feasible as things stand at the moment to offer demand-led surge pricing in the way some other industries or sectors do. Peak and off-peak pricing is still, we believe, the most effective way to encourage customers to change travel plans and so at the minute that is what we are sticking with."*
> **Andy Lord**
> **TfL Commissioner**

One of the TfL current challenges is the reliance on the income from fares. This was seen through the impact of the pandemic, hence the requirement for government revenue support. The Committee heard on 4 January 2023:

> *It is fair to say that every aspect of our potential to earn additional revenue and to diversify our sources of income is something that we are working really hard on. Other sources of course come from property. They come from commercial and media income and so on. One of the things that we have done in this budget is set an additional target on income, £140 million by the back end of the plan, and we are working really hard on exploring all of the avenues by which we could both diversify and also protect that overall income position on which the budget is based.*
> ***Rachel McLean***
> ***Chief Financial Officer, TfL***

> **Recommendation 8:** TfL should set out its plans for increasing commercial income to reduce its risk of reliance on fares.

Pay, benefits and pensions

The TfL Pension Scheme is one of the largest private sector, defined benefit – and one of the last final salary – pension schemes in the country, with over 84,000 members, 31 investment managers and assets worth over £13 billion. TfL's Financial Sustainability Plan stated that TfL pays around £370 million per annum on pensions.[67] As part of its consideration of potential operating efficiencies, TfL has examined existing pay, benefits and pensions, and its Reward strategy.

A condition of the government's funding deal reached on 1 June 2021 was that TfL would review its pension scheme and reform options with the explicit aim of moving its pension arrangements into a financially sustainable position.[68]

[67] P88 Financial Sustainability Plan - 11 January 2021 (tfl.gov.uk)
[68] TfL, TfL Independent Review – Interim Report, 28 October 2021

The Mayor subsequently established an independent review by Sir Brendan Barber of the TfL Pension Scheme. The Review's Final Report, which totalled 146 pages, was published on 28 March 2022. The review stated that the scheme is generous to employees when benchmarked against the Network Rail and Civil Service schemes [69] and that "The Scheme is the only significant benefit beyond pay available to the majority of staff. Any changes to the Scheme will have knock-on consequences for benefits and remuneration elsewhere. This is important in the context of TfL's ability to recruit and retain staff."[70][71] The Independent financial review of TfL in December 2020 claimed the pensions scheme is 'outdated and must be reformed' and stated that its cost could be reduced by up to £100 million per year through 'proper modernisation' and that a Crown guarantee of historic liabilities could go with a reformed scheme.[72] It concluded that a Commission should be established to provide options to modernise the scheme.

TfL has since published its views on Sir Brendan Barber's Final Report and a workplan setting out the necessary steps for moving TfL's Pension Fund into a long-term, financially sustainable position.[73]

On 14 October 2022, TfL published a pension options paper that set out two options for future service benefit design. The paper concluded that aiming to achieve the government's £100 million cost saving target creates a disproportionate focus on affordability at the expense of fairness. The report states that pension reform will lead to an unacceptable level of detriment to members' benefits and result in options that are significantly less generous than those available in comparable public sector schemes.[74]

The two options set out by TfL are:

- government support for legislation to enable a transfer of past service assets and liabilities to a new or existing funded or unfunded public sector arrangement in order to reclassify the Scheme as a public sector scheme; or
- government provision of a Crown Guarantee.

As set out in the government's funding deal letter to the Mayor, dated 30 August 2022, it was agreed that the following activities would take place in response to the Review's findings:[75]

- **31 January 2023** - TfL and the Mayor will agree with the government a final detailed proposal for any recommended changes to both future service benefits and past service liabilities, and an implementation plan.
- **1 May 2023** - Should the recommended approach require TfL to consult members, TfL will commence consultation.

The TfL Commissioner confirmed at the 7 December 2022 TfL Board meeting that no savings are included in the TfL budget submission from the TfL Pension Scheme. The Commissioner reiterated this to the Budget and Performance Committee on 4 January 2023.

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[69] P31 TfL Independent Review - December 2020
[70] TfL, 'Independent Pensions Review,' March 2022. P.10
[71] P31 TfL Independent Review - December 2020
[72] Page 31 TfL Independent Review
[73] 27 September 2022, tfl-response-to-pension-review-final-report.pdf
[74] Pensions Options Paper - 14 October 2022 (tfl.gov.uk)
[75] UK government, Department for Transport, Transport for London – Long-term Funding Settlement, 30 August 2022

The funding agreement that we reached in August of last year [2022] had a number of deliverables in relation to submissions in regard to the pension scheme and those that have fallen due. The dates were adjusted very slightly because Her late Majesty's funeral fell in that period, but we have met those deliverables….. in line with those requirements, we will be writing to the government with our preferred course of action by the end of the month. We will be pleased of course to share with you the content of that, but I know you will appreciate that we will need to communicate that first with our colleagues and with the government.
Rachel McLean
Chief Financial Officer, Transport for London

Recommendation 9: TfL to share its preferred course of action with regards to its pension scheme with the Committee and to reflect any financial implications in the 2023-24 Final Draft Consolidated Budget.

Chapter three – MOPAC

Key findings:

- **MOPAC has removed its budget target for 2023-24 to recruit 6,000 additional police officers due to recruitment issues.**
- **The MPS risks failing to recruit the additional officers from its government funding allocation, and risks returning over £20 million in grant to the Home Office in 2022-23.**
- **There are issues with the way in which the MPS is funded and compensated by the government, in particular with the Police Funding Formula and the National and International Capital Cities Grant.**
- **The MPS has identified that it will need additional 'tens of millions' for reform costs next year that are not captured in its current budget.**
- **MOPAC is proposing to use reserves to eliminate its budget deficit in 2023-24, but is heavily reliant on efficiencies to deliver subsequent balanced budgets.**
- **Uncertainty over future police officer pay awards, could have significant financial impacts, exacerbating the MPS' challenges in delivering a robust budget submission.**
- **The MPS Capital Programme has a growing reliance on borrowing for capital expenditure.**

Introduction

The Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS) has set a net revenue budget of approximately £4.14 billion with an initial funding gap of £5.9 million.[76] This is a significant improvement as last year's budget proposals included a £249 million budget gap in 2022-23 and a £296 million proposed budget gap in 2023-24.[77]

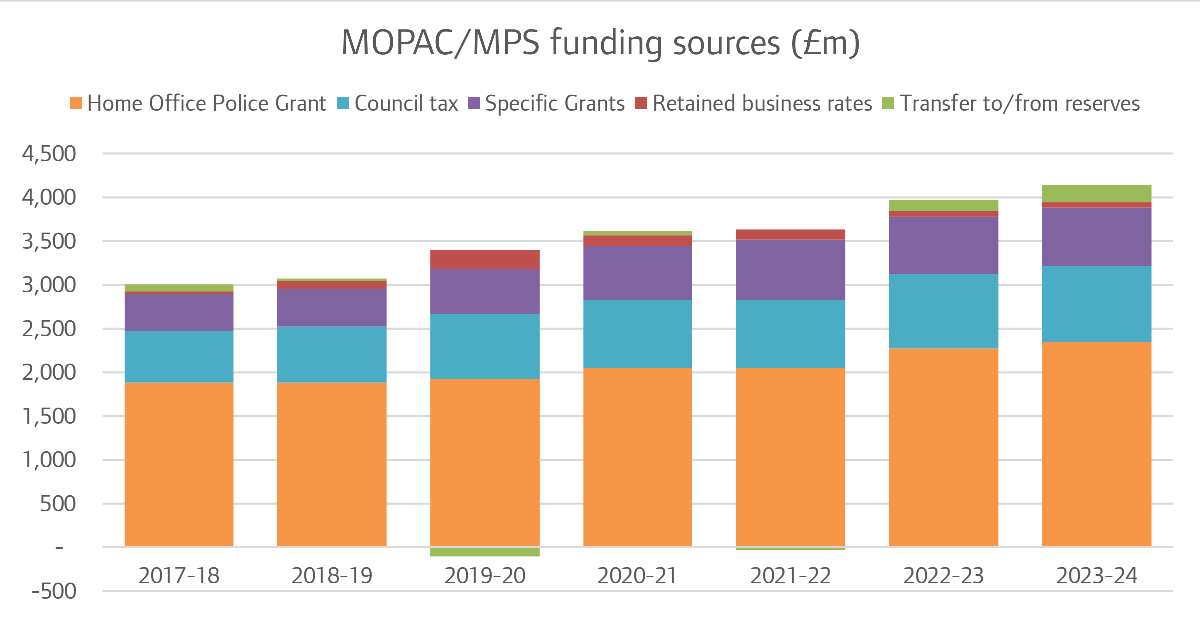
The budget primarily covers the operating costs of the MPS, the policing service for London, and also includes provision for MOPAC's own commissioning and running costs. MOPAC, a Functional Body of the GLA, sets the direction and budget for the MPS. Alongside its community safety role, the MPS is focused, it says, on delivering an ambitious organisational transformation programme based around greater efficiency and modernisation of working practices.

The funding for revenue expenditure for the MOPAC and MPS budget has increased by over a third since this Mayor's first budget for 2017-18.[78] This has been driven predominantly by the Home Office grant increasing by 25

[76] GLA, MOPAC/MPS Budget Submission 2023-24 to 2025-26, November 2022
[77] GLA, MOPAC/MPS Budget Submission 2022-23 to 2024-25, November 2021
[78] Mayor of London, The Mayor's budget | London City Hall

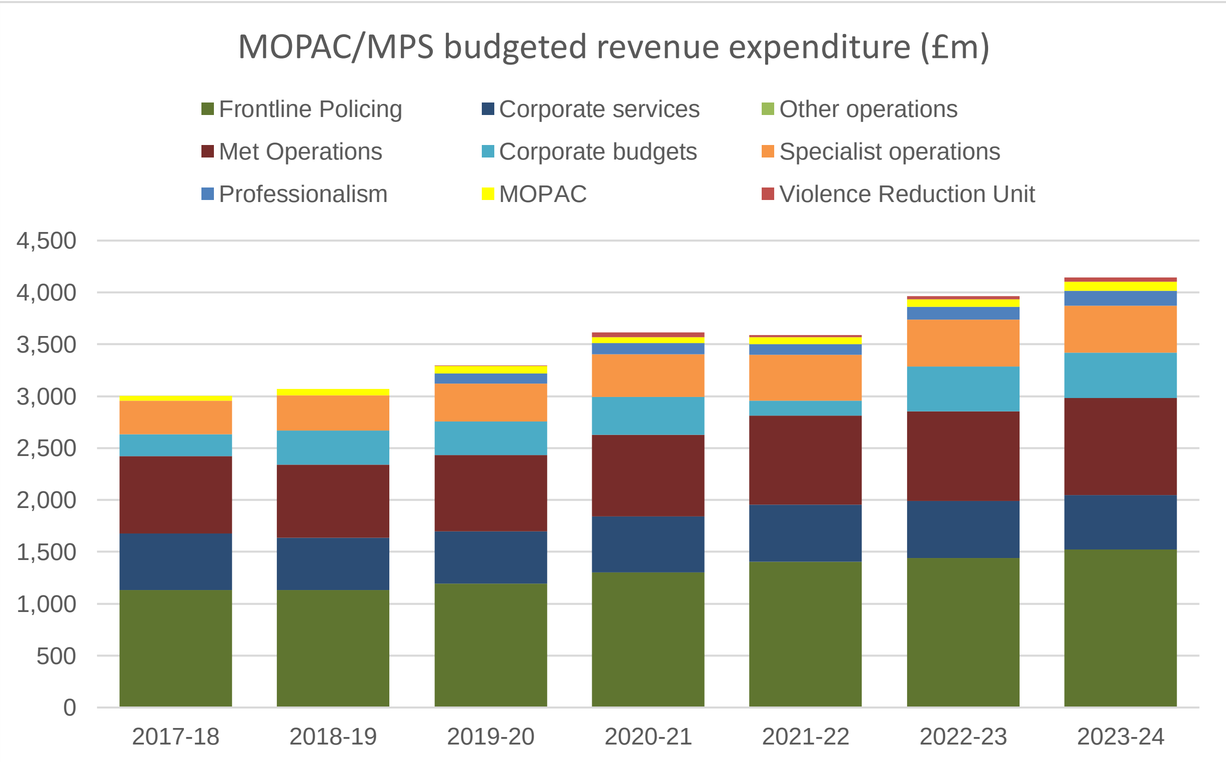
per cent from £1.9 billion to £2.3 billion, and a 47 per cent increase in MOPAC's share of the GLA's council tax from £592 million to £868 million.

Figure 19: MOPAC funding sources



The Budget indicates that there has been an increase in expenditure on Frontline Policing of 27 per cent since the start of the Mayor's term.

Figure 20: MOPAC and MPS budgeted expenditure[79]



[79] Mayor of London, [The Mayor's budget | London City Hall]

Police Officer numbers

Since the Government's 2019 commitment to fund an additional 12,000 police officers in England and Wales, the Mayor and MPS have sought 6,000 additional officers to be allocated to London. In 2021-22, the MPS received government funding for an additional 2,713 police officers. [80,81]

Recent Quarterly reports from MOPAC and MPS' show that the MPS is encountering significant challenges recruiting its target number of officers for which it has already secured funding. The report states that the MPS has already informed the Home Office that it will be approximately 400 below its target under the Police Uplift programme target for recruitment this year (2022-23), which would reduce the Home Office grant to the MPS by approximately £21.5 million.[82] The Mayor confirmed at the Budget and Performance Committee on 5 January 2023 that negotiations were ongoing with the Home Office to carry this funding over by a few months to ensure the recruitment of additional police officers.

At the Committee's 8 December 2022 meeting, the Deputy Mayor confirmed that the 6,000 target had been removed from the budget submission due to the challenge of recruiting the required additional police officers.

> *"In terms of why there is a difference from this year to last year, it is - as everyone around this table will know - a difference of for next year we have not put into the budget our aspiration for 6,000 officers for the MPS. It does not mean that we have pulled back from that aspiration. It is because we know that because of the labour market there are significant challenging issues around recruitment."*[83]
>
> **Sophie Linden,**
>
> **Deputy Mayor for Policing and Crime**

The Committee has regularly questioned the Deputy Mayor and the MPS about the reality of the 6,000 target in the context of repeatedly lower than hoped police officer allocations from the government. In answer to a question on the challenges of fulfilling the MPS' ambition to recruit 6,000 additional officers, as early as December 2021, the Deputy Mayor conceded that, on a practical level, it would be "challenging" to recruit the 3,287 additional officers in 2022-23.[84] Robin Wilkinson, the former MPS' Chief of Corporate Services, indicated that the MPS had recruited "over 4,000" additional officers in "a previous year", though a precise year was not provided to the Committee. The figures provided in the MPS' most recent quarterly performance report show that the MPS has not been able to facilitate the uplift in officers provided by the government, let alone facilitate the higher number of additional officers on which it based its previous budget. Most recently the Commissioner Sir Mark Rowley told the Committee that "It is an increasingly challenging market. In recruiting the best part of 10,000 officers in the last three years, with a combination of replacing retirements, etc, and growing the numbers, you do start to get to a stage where you have almost exhausted the market. We are taking everybody who can meet the standards, therefore we are working very

[80] GLA, MOPAC/MPS Budget Submission 2022-23 to 2024-25, November 2021
[81] GLA, MOPAC/MPS Budget Submission 2022-23 to 2024-25, November 2021
[82] GLA, MOPAC/MPS Q2 Reports 2022-23, 18 November 2022
[83] London Assembly Budget and Performance Committee, 8 December 2022
[84] London Assembly, 9 December 2021 Budget and Performance Committee, 9 December 2021

hard on that. It is a really challenging environment."[85]

As a result of MOPAC's scaled back police officer recruitment assumptions, the budget submission presents a much smaller deficit when compared with previous years.

Recommendation 10: The Committee encourages MOPAC to continue to work with the government to achieve longer-term funding settlements for the MPS and make an effective case for further funding for police officers in London.

Recommendation 11: The Committee recommends that MOPAC reconsiders basing its future year's plans on expected allocations for the funding of additional police officers.

Funding and financial assumptions

MOPAC and MPS is proposing a broadly balanced budget for 2023-24, with a £5.9 million gap arising from the shortfall in funding for its target of additional police officers. Funding gaps remain for future years in the 2023-24 submission with savings to be identified of £51 million in 2024-25 increasing to £138 million in 2025-26. These exclude any funding gap resulting from the assumption for additional police officers beyond those funded by government, which are anticipated to be an additional £82 million in 2024-25 and £118 million in 2025-26.

MOPAC is reliant on new efficiencies to eliminate future budget deficits, and, to date, it has not developed an efficiencies programme. At the 8 December 2022 Committee meeting, MPS representatives told the Committee that it was currently drafting the programme but that it would be challenging due to '35 to 40 per cent' of the MPS' budget allocated to police officer pay, which would not be included in the programme. The Committee is concerned that, without a robust efficiencies programme, it is difficult to find reassurance that the MOPAC budget submission is financially sustainable for future years.

Recommendation 12: The MPS should develop an efficiencies programme to address the remaining funding gap in future years, once the element for officer growth has been removed, and share it with the Committee.

[85] London Assembly, 'Budget and Performance Committee,' 8 December 2022

MOPAC has budgeted on the basis of a 2.5 per cent pay award for staff in 2023-24. However, the current and future pressures of inflation present big risks to the final pay awards, and ultimately the associated pressure on the MOPAC revenue budget.

The Finance Director of the MPS confirmed at the 8 December 2022 Budget and Performance Committee that:

" We had made representations on a three-year settlement, which was 3.5 per cent this year [2022-23], 2.5 per cent next year, and 2 per cent the year after. That is what our budget is built on. In terms of realism, it is our professional judgement at the moment, there is of course risk if pay inflation increases, but then there is also talk potentially, if you read the papers, around public sector pay restraint. We feel it is a reasonable assumption, where we are at the moment."[86]

Ian Percival
Finance Director of the MPS

At the Budget and Performance Committee on 8 December 2022, the Met Commissioner informed the Committee that the proposed budget did not include 'a further few tens of millions' for reform costs. He explained that 'we talked about putting an estimate in or not and we both agreed that, on balance, putting a very rough figure in would generate more heat than it would do light.'

Recommendation 13: The MPS should establish what additional budget is needed for reform costs and include this in the Mayor's 2023-24 Final Draft Consolidated Budget.

The MPS received some government funding and specific grants, in particular the National and International Capital City (NICC) grant. However, at the Committee's 8 December 2022 meeting, the MPS Commissioner discussed the impact of the uncertainty surrounding the upcoming Police Funding Formula and the effectiveness of the NICC funding.

A particular issue for us is the National International Capital Cities [Grant] money. When I was here previously I was involved in some work that put some more shape and detail around what those costs were. That was subsequently audited by an independent auditor on behalf of the Home Office and that produces a figure that we reckon should be north of £310 million in funding and we currently get £180 million roughly. That is quite a big deficit.[87]

Sir Mark Rowley QPM
Commissioner of Police of the Metropolis

[86] London Assembly Budget and Performance Committee, 8 December 2022
[87] London Assembly Budget and Performance Committee, 8 December 2022

While this underfunding persists, the Met effectively subsidises counter-terrorism, policing of demonstrations and other responsibilities that come with policing a major city; this impacts all other areas of policing.

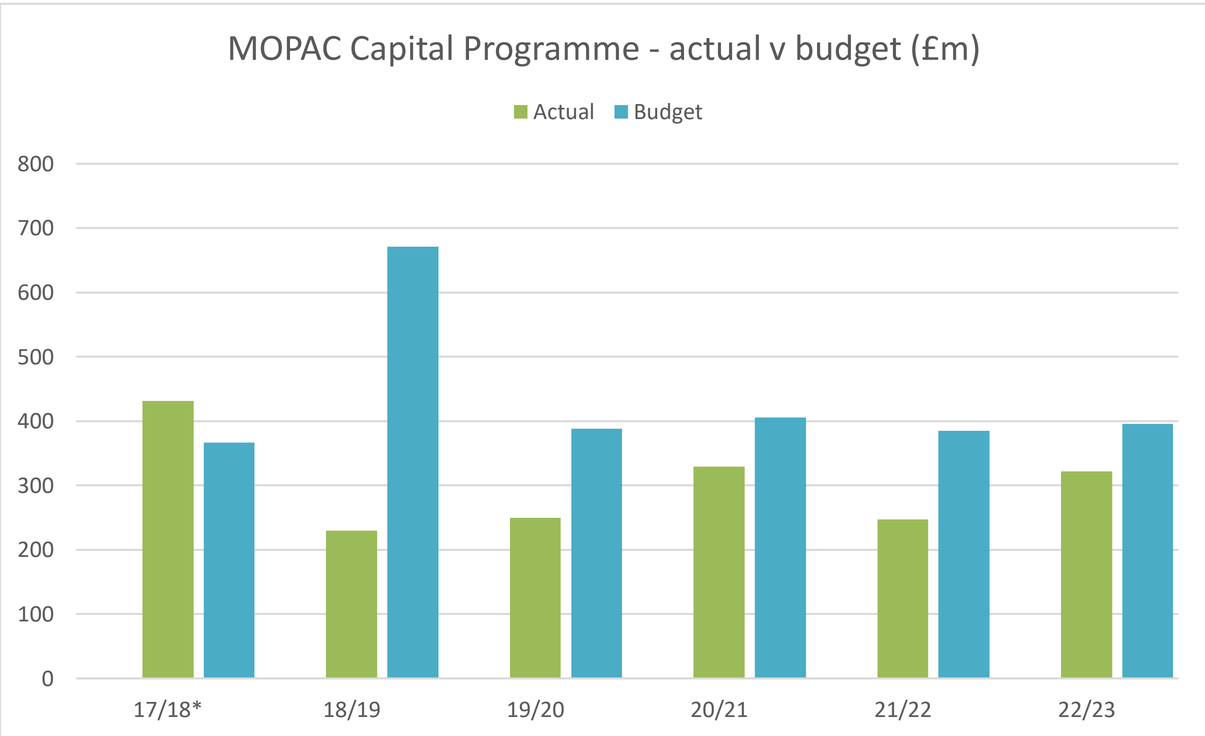
> *It is one of my concerns in terms of meeting the challenges in London that, if you look at the HMICFRS inspection report and us being put in Engage, we are strong with issues like major events, organised crime and of course counterterrorism, most of our problems come in the day-to-day services to Londoners in terms of issues like supporting victims, and so on. There is a link between those two things, the propping up the capital city responsibilities is to the detriment of day-to-day policing for Londoners. Therefore, that is a really critical number for me.* [88]
> ***Sir Mark Rowley QPM***
> ***Commissioner of Police of the Metropolis***

Recommendation 14: MOPAC and the Mayor should continue to develop an effective case for an increase in the National and International Capital City (NICC) grant for the policing of the capital city from government.

Capital programme

MOPAC and MPS' capital programme amounts to £1.08 billion between 2023-24 and 2026-27.[89]

Figure 21: The MPS has consistently underspent against its capital budget[90]



[88] London Assembly Budget and Performance Committee, 8 December 2022
[89] GLA, MOPAC/MPS Budget Submission 2023-24 to 2025-26, November 2022
[90] GLA, The Mayor's budget and MOPAC/MPS quarterly reports.

Under-delivery of the MOPAC and MPS capital programme has been a feature of the Committee's scrutiny meetings for several years. At the most recent meeting, the MPS Commissioner acknowledged that there was 'optimism bias' in the historical approach to the capital programme, which had caused issues with delivery.[91]

MOPAC's capital programme for 2023-24 to 2026-27 is largely funded through capital receipts, such as the sale of property, and additional borrowing.[92]

The Committee has consistently raised concerns about the impact of reduced government funding on the future delivery of MOPAC's capital programme. However, there is no significant shift in approach to the 2023-24 Budget submission. MOPAC and the MPS propose to borrow £196 million in 2023-24 to fund its capital programme, which represents 54 per cent of its capital financing, before rising to a peak of 68 per cent in 2024-25 and finishing at 63 per cent in 2026-27. This shows MOPAC and the MPS will continue to place a greater reliance on borrowing for its capital programme as it has limited options to fund capital projects otherwise.

The Committee has also repeatedly questioned the MPS about its upcoming estates strategy, which, to date, has still not yet been published. The MPS Commissioner has stated that he is currently reviewing the draft strategy to determine whether the strategy's assumptions about hybrid working and neighbourhood policing are still relevant. At the Committee's 8 December 2022 meeting, the Deputy Mayor stated that the lack of a published strategy was not preventing the MPS from making decisions about its estates. However, the Committee believes it is vital to the principles of accountability and transparency that a strategy is published as a matter of urgency so that the Assembly and Londoners can scrutinise the framework driving the MPS' decisions about its estate. The Committee has requested the publication of the Estate Strategy since 2021[93], with the expectation that it will finally be delivered this year.

Recommendation 15: The MPS should publish its estates strategy by 31 September 2023.

[91] London Assembly, 8 December 2022 Budget and Performance Committee, 8 December 2022
[92] GLA, MOPAC/MPS Budget Submission 2023/24 to 2025/26, November 2022
[93] Response to the Mayor's Draft Consultation Budget 2021-22 | London City Hall

Chapter four – London Fire Commissioner

Key findings:

- **The London Fire Commissioner (LFC) is facing several cost pressures in its 2023-24 budget, including a staff pay award, which is subject to ongoing negotiations.**
- **The LFC is proposing to address its cost pressures through the use of reserves. This poses risks to the longer-term sustainability of the LFC's finances.**
- **The LFC cannot currently afford to fund a full complement of staff, so it has reinstated a vacancy rate. This is also creating pressures on overtime pay, which is again being funded by a draw on reserves.**
- **The LFC needs to ensure that the Independent Culture Review and Community Risk Management Plan are budgeted for and can be delivered in 2023-24.The London Fire Brigade (LFB) has consistently underspent on its capital programme and is proposing to reprofile 38 per cent of its current budget to next year.**

Background

The LFB, the operational arm of the LFC, provides vital frontline services to protect the capital's residents. HMICFRS states that the LFB is the "busiest fire and rescue service in the country, and one of the largest in the world."[94]

The LFB's culture and practices have come under greater scrutiny during the current financial year. The publication of the independent Culture Review, which found systematic racism and other forms of discrimination, led to HMICFRS taking the LFB into the "Engage" phase.[95] The intense criticism and scrutiny of the LFB provide important context in which this year's budget submission is presented.

Budget submission 2023-24

The LFC's budget submission proposes a balanced budget in 2023-24, as a result of high savings targets and the use of its Budget Flexibility Reserve to eliminate budget pressures totalling £27.4 million.

Cost pressures

LFC representatives characterised this year's budget submission as dominated and driven by inflation-related cost pressures that have exacerbated underlying budget issues. The budget submission is clear that inflation-related cost pressures amount to roughly £10 million in 2023-24, out of a £12.6 million net increase in service expenditure and income. There are pressures from other factors, such as the LFC's decision to roll over the £11 million budget gap from 2022-23 and new investment proposals worth £4 million.

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[94] HMICFRS, London Fire Brigade
[95] LFB, Independent Culture Review

Some of the additional costs for 2023-24 relate to the upcoming pay award for operational and Fire and Rescue Service (FRS) staff in the LFC. At the time of this report's publication, the National Joint Council has not reached an agreement with trades unions on the pay award, with a five per cent offer made for 2023-24. At the Committee's 8 December 2022 meeting, the LFB Commissioner explained the difficulties the LFB encountered in identifying the associated savings that would be required to fund the five per cent pay offer.

"Where do I see it ending? I am not sure because it sits within the context of many industrial disputes ongoing across nearly all of the public sector. The only assurance I can present this Committee is that we will seek to proportionately resolve this through negotiation using our influence into those national mechanisms and that we rule nothing out, whether national or local, in terms of trying to resolve it."[96]
Andy Roe
London Fire Commissioner

The Commissioner confirmed at the 8 December 2022 Budget and Performance Committee that there are potentially further cost pressures arising from the phase two Grenfell inquiry and changes to legislation. He said:

The role of the Building Safety Regulator and some specific aspects of change which are as yet undetermined, for example, in relation to Personal Emergency Evacuation Plans (PEEP), which could bring a cost to us in terms of making sure that we are operationally fit to respond to the needs of the most vulnerable residents. They are difficult to anticipate until we see the end point of either legislation or recommendation."[97]
Andy Roe
London Fire Commissioner

He confirmed on the Building Safety Regulator that 'It is still not entirely clear, I am afraid, what impact that will have on us, but that means us hiring additional staff because we need to support them with expert advice."[98]

Recommendation 16: The LFC should identify the extent of any known cost pressures relating to the upcoming legislative change and include them in the final 2023-24 Budget.

[96] London Assembly Budget and Performance Committee, 8 December 2022
[97] London Assembly Budget and Performance Committee, 8 December 2022
[98] London Assembly Budget and Performance Committee, 8 December 2022

Overtime

The LFC is currently overspending on its overtime pay for staff, and this is projected to be a cost pressure for the organisation in its 2023-24 budget. The latest quarterly performance report (Quarter Two, 2022-23) shows that the LFC is forecast to overspend on overtime payments by £9.7 million, which is contributing to an overall revenue budget overspend of £4.3 million. The LFC states that this is, in part, due to 'exceptional events' such as Operation London Bridge, Her Late Majesty Queen Elizabeth II's funeral, and extreme heat during the summer.

The Committee has repeatedly raised concerns about the use of overtime and its associated impact on the LFC's budget pressures. The Committee welcomes the LFC's decision to organise a review on the structural reasons behind the LFC's high levels of overtime but it is not clear when and how the LFC will reduce it to a more financially sustainable level.

The issue of overtime is even more pressing in the context the LFC's decision to maintain a vacancy margin, which may increase dependency on overtime to fill vacant shifts.

More widely, the LFC's decision to maintain a vacancy margin suggests underlying structural issues of the ability of the organisation to afford a full complement of staff. This concerns the Committee and raises questions about the future financial sustainability of the LFC when the vacancy margin is eliminated.

Recommendation 17: By March 2023, the London Fire Commissioner should publish a clear action plan to reduce overtime.

Independent Culture Review

The Independent Culture Review's report was published just weeks ahead of the LFC's draft budget submission. Among its recommendations, the cost of the proposals to introduce body-worn cameras on all LFB officers and the decision to outsource the LFB's complaints service have not yet been fully quantified but are likely to be significant.

The London First Commissioner suggested that a higher than average number and proportion of LFB officers are anticipated to be suspended as the LFB begins to address inappropriate behaviour and conduct that has, to date, not been addressed.

> *"If I have to suspend whole teams, I will suspend whole teams. It will be worth the money if we get to a point where we eradicate what I think is a significant minority of people who absolutely undermine the general majority of people who just want to come to work and do a good job in a decent, honest, hardworking, courageous public service. I am afraid that behaviour just undermines our whole ethos. You are right to advise caution at the potential costs. We do worry, but I think we have no choice….if 2,000 of our staff have effectively written that report and have spoken of such poor experiences at times, we have to anticipate a fairly significant impact in terms of what does emerge. I just cannot put a number on it."*[99]
> ***Andy Roe***
> ***London Fire Commissioner***

It is imperative that the LFB develops a clear, costed plan of the budget impacts of the Independent Culture Review and incorporates it in the final 2023-24 budget submission.

Recommendation 18: The London Fire Commissioner should develop a costed plan of the budget impacts of the LFB's Independent Culture Review and if necessary a broad estimate should be included in the final 2023-24 budget submission.

Reserves

In previous budgets, the LFB has built up its reserves through budget surpluses to fund budget shortfalls in the future. These budget surpluses are largely a result of vacancies being held, which leads to underspend. The underspend is then carried into reserves to be drawn down in future years. The London Fire Commissioner told us that this has largely been a deliberate strategy, designed to help the LFB cope with the uncertainty around Spending Reviews and funding for firefighter pension costs.[100]

The LFB is currently planning to use £4 million of its Budget Flexibility Reserve (BFR) to eliminate the budget gap in 2023-24. In its 8 December 2022 meeting, the Committee asked the LFB about the robustness of its plans to replenish the BFR in future financial years. In particular, the Committee noted concerns that the LFB's decision to use its BFR to address 'exceptional inflationary pressures' (as described by the LFB's Corporate Services Director) will be repeated in subsequent years as inflationary pressures do not substantively reduce. The LFB's Corporate Services Director conceded to the Committee that 'we [the LFB] cannot guarantee that [inflation] will decrease in 2024-25 and 2025-26'.[101]

[99] London Assembly Budget and Performance Committee, 8 December 2022
[100] London Assembly, 10 December 2020 Budget and Performance Committee, 10 December 2020
[101] London Assembly, 8 December 2022 Budget and Performance Committee, 8 December 2022

Capital programme

The LFC has experienced major delays and slippages across its capital programme, which has led to reprofiling of funds and activity across several years. Delays and slippages have been most notable in the current year, 2022-23, where delays have influenced the LFC's budget submission proposal to reprofile £18.2 million of the £47.4 million (representing 38 per cent of the 2022-23 budget) to 2023-24.[102][103]

The large reprofiling of activity to 2023-24 creates a considerably larger capital programme budget of £46.5 million in 2023-24 and £42.5 million in 2025-26. The Committee is concerned that, in the context of previous capital programme slippages, it is unrealistic to expect the LFC to spend all its capital budget in future financial years.

The Committee raised concerns about the delays to date affecting the LFC's capital programme at the Committee's 8 December 2022 meeting. In response, the LFB Director of Corporate Services explained the processes that have been put in place to provide more scrutiny of the capital programme and avoid 'optimism bias'.[104] Whilst the Committee welcomes this move, it is concerning that it has taken until recently for the LFB to begin to get a grip on its capital programme.

Recommendation 19: The London Fire Commissioner should publish the Terms of Reference of the new processes implemented to scrutinise its capital programme and incorporate any new findings in the quarterly performance reports.

Capital funding

The LFC's capital programme is shown in its budget submission to become increasingly reliant on capital borrowing as the availability of capital receipts come to an end, and capital expenditure increases with the LFC's capital investment programme. The LFC's expenditure against the capital programme in 2023-24 will be funded solely from external borrowing (£46.5 million). It is expected that external borrowing will fall in 2024-25, but rise in 2025-6 and fall again in 2026-27. The LFC has attempted to redevelop 8 Albert Embankment for several years and the Committee is concerned about the financial impact of the delays.

The Committee has repeatedly raised concerns about the future of the LFC's capital programme, including the increasing reliance on borrowing to fund it. During both the 2022-23 and 2023-24 budget scrutiny processes, the LFB Commissioner has acknowledged the risk and issues associated with the proposed capital programme funding.[105] The Committee shares the concerns expressed by the LFC, and, therefore, recommends that the Commissioner details how the LFC is responding to and mitigating both risks to its capital programme in the future Quarterly Performance reports.

[102] GLA, LFC, LFB financial and performance reporting 2022-23
[103] LFC, Budget Submission 2023-24, 5 December 2022
[104] London Assembly, 8 December 2022 Budget and Performance Committee, 8 December 2022
[105] London Assembly, 8 December 2022 Budget and Performance Committee, 8 December 2022

Recommendation 20: The London Fire Commissioner sets out how the LFC is responding to and mitigating risks to its capital programme in future Quarterly Performance reports.

Chapter five – GLA Core

Key findings:

- **The Mayor has allocated £526 million to revenue expenditure across the recovery missions for 2023-24, compared with £430 million for 2022-23.**
- **The Mayor's budget continues to be underpinned by the drawing-down of one-off reserves.**
- **The budget submission continues to be less transparent than the approach taken for the 2020-21 Budget.**
- **In order to meet the target of 116,000 homes from the Affordable Housing Programme (2016-23), the Mayor will need to start a record number of 25,000 (22 per cent) homes in 2022-23.**
- **No homes have yet been started from the 2021-26 Affordable Homes Programme.**

Background

GLA:Mayor funding sources

The GLA: Mayor Draft Budget, 2023-24 is funded from a combination of:

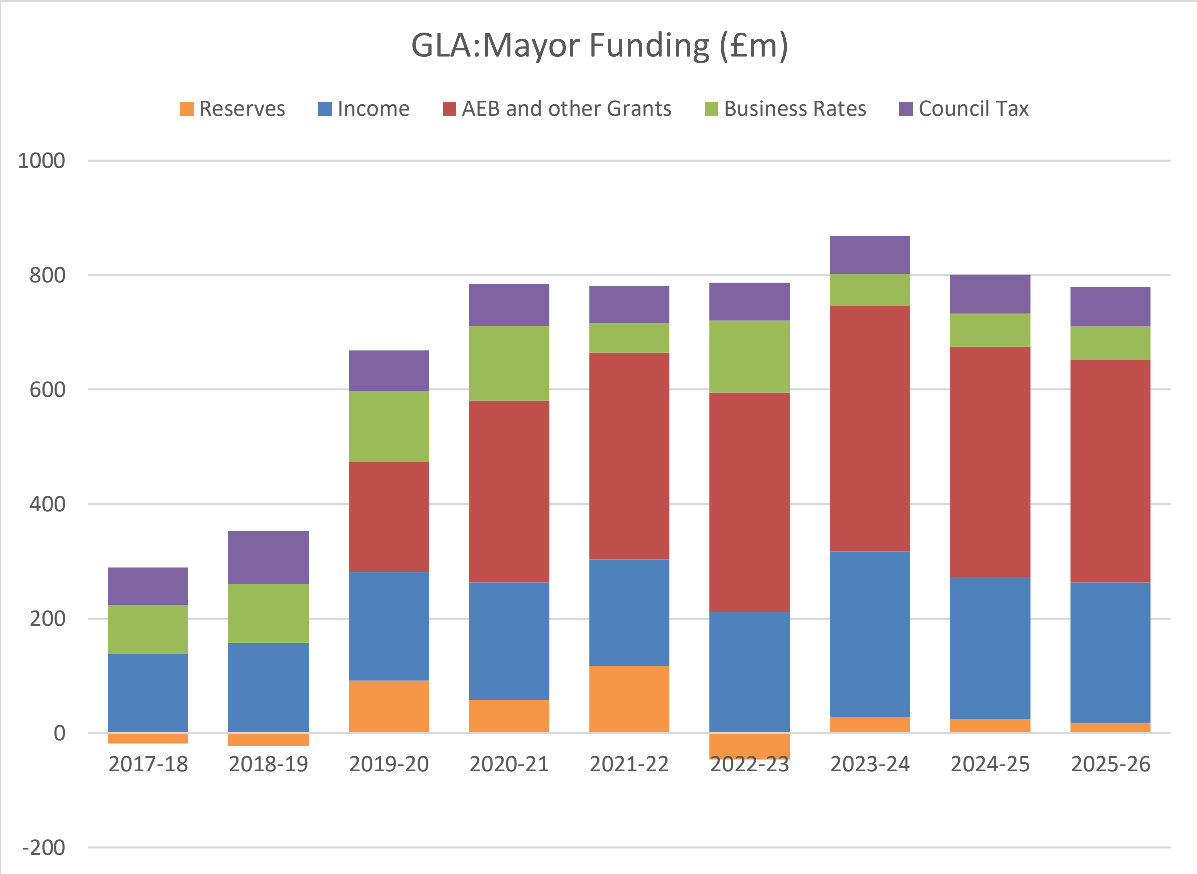
- base revenue funding from business rate, council tax and interest income;
- one-off revenue drawdown from reserves;
- sources of external revenue income (including the AEB); and
- a funded capital programme.

The funding for revenue expenditure for the GLA:Mayor budget is shown in the chart below and has increased 320 per cent since this Mayor's first budget for 2017-18.[106] This has been driven predominantly by the delegation of the Adult Education Budget (AEB), which is £350 million for 2023-24.

The income figure is predominantly drawn from the Mayor's Crossrail Business Rates Supplement and Community Infrastructure Levy, which is used to fund the financing costs for the Crossrail project.

[106] Mayor of London, [The Mayor's budget | London City Hall]

Figure 22: GLA:Mayor funding[107]

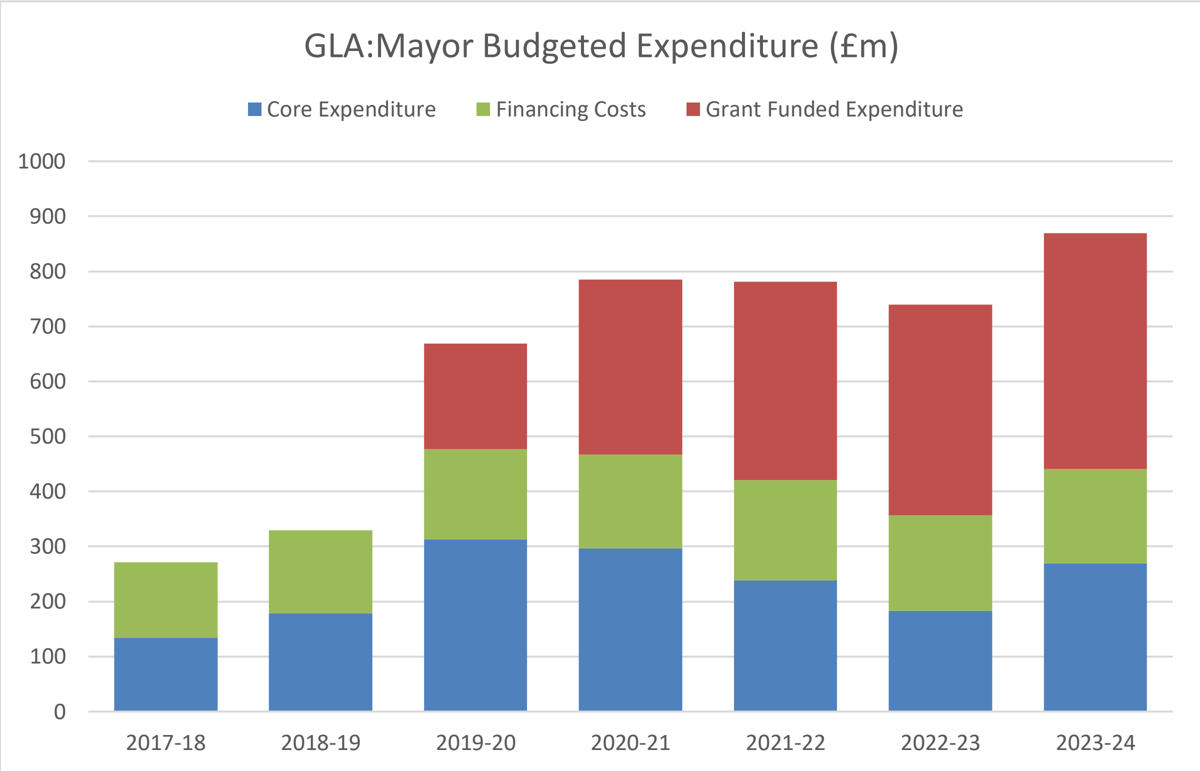


During the three years 2019-20 to 2021-22 reserves totalling £266 million were planned to be used compared with £72 million for the three years from 2023-24 to 2025-26. This is despite GLA reserves of £279 million expected to remain at the end of 2025-26.

The increase in funding for the GLA:Mayor budget from tax receipts and additional responsibilities has seen the Mayor's core expenditure double to £269 million since his first budget in 2017-18. This has fallen from a peak of £313 million in 2019-20.

[107] Mayor of London, [The Mayor's budget | London City Hall]

Figure 23: Budgeted expenditure[108]



GLA:Mayor – Budget structure

The funding for 2023-24 GLA:Mayor budget has been allocated by the Mayor across the following categories:

Table 4: Funding allocations to the Recovery Missions, Foundations and Core

	2022-23		2023-24	
	Revenue	**Capital**	**Revenue**	**Capital**
	£m	**£m**	**£m**	**£m**
Missions	430.3	56.1	525.8	28.5
Foundations	82.3	1,410.5	69.6	1,442.3
Core	90.6	614.1	101.4	68.6
Financing Costs	173.4		171.8	
	776.2	**2,080.7**	**868.9**	**1,539.4**
Total	**2,856.9**		**2,408.3**	

These categories of the GLA:Mayor budget are:

- **Recovery missions** - There are nine missions agreed by the Recovery Board and designed through crosscutting work between the GLA, London's boroughs, London Councils and other partner organisations..[109]

[108] Mayor of London, The Mayor's budget | London City Hall
[109] recovery_programme_overview.pdf (london.gov.uk)

- **Core functions** - . This section of the framework includes most of our statutory functions which the GLA must fund and recognises that there are other functions the GLA must resource in order to run a fit-for-purpose organisation.
- **Recovery foundations** - The contribution of the GLA to London's recovery goes beyond the nine missions identified by the London Recovery Board. The foundations are the key GLA work streams which support recovery broadly and deliver the activity required by more than one mission.
- **Financing costs** – The costs of funding the borrowing by the GLA predominantly for the Crossrail and Northern Line Extension projects.

This structure was adopted for presenting the budget in November 2020 for the 2021-22 GLA:Mayor Budget. This change coincided with a reduction in the level of financial detail included in the GLA:Mayor budget submission. This issue was covered at length in the 19 March 2021 Budget and Performance Committee meeting. However there was little change seen in the 2022-23 GLA:Mayor budget submission.

This Committee wrote to the Mayor to recommend that this year's GLA:Mayor submission returns to the level of transparency last seen in the 2020-21 GLA:Mayor budget submission, which separately identified the ongoing base budget for each unit, along with spend associated with one-off programmes and spend reprofiled from previous years, and the value of the external funding that the GLA will receive to support the delivery.

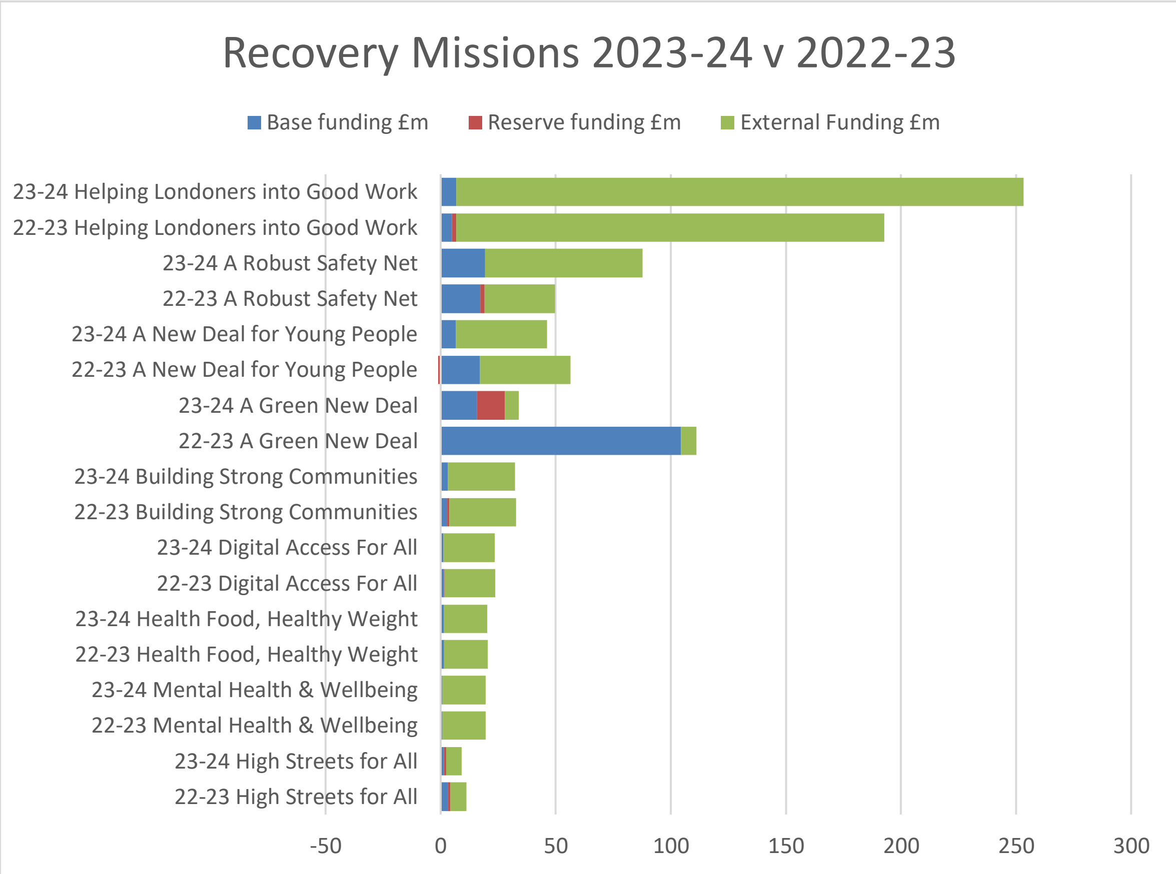
In his response the Mayor stated 'your letter was received after the draft GLA: Mayor budget [for 2023-24] had already been published. I have asked that officers consider this recommendation for future budgets.'

Recommendation 21: This Committee recommends that future years' GLA:Mayor submissions return to the level of transparency last seen in the 2020-21 GLA:Mayor budget submission, which separately identified the ongoing base budget for each unit, along with spend associated with one-off programmes and spend reprofiled from previous years, and the value of the external funding that the GLA will receive to support the delivery. This will make it easier for Londoners to access information about how their money is spent.

Recovery missions – Revenue expenditure

The main changes in the allocations between the recovery missions for 2023-24 and 2022-23 are shown in the following chart.

Figure 24: Funding allocations to the recovery missions



The unusually high 22-23 allocation for the Green New Deal Mission included £90 million for the GLA's Green Bond Programme. This was added to a specific ringfenced reserve at the time of setting the 2022-23 budget, and £4 million of it will be utilised in 2023-24.

Foundations – revenue expenditure

The Mayor has allocated £70 million to the Recovery Foundations for 2023-24 across the areas set out below. The main changes in the allocations between the recovery missions for 2023-24 and 2022-23 are as follows:

Table 5: Changes in funding allocations to the Recovery Foundations

	£m	Total £m
2022-23 Foundations		**82.3**
Increases		
Spatial Development	3.7	
Total		**3.7**
Decreases		
Supporting Businesses, Jobs and Growth	-8.1	
Capital Investment, including AFH	-7.7	
Engaging Londoners	-1.0	
Total		**-16.8**
Other		0.7
2023-24 Foundations		**69.9**

Excluded from the capital programme are plans for the Crystal Palace National Sports Centre. Investigative works have led to the conclusion that the GLA needs to undertake a comprehensive renovation. This is excluded due to commercial sensitivities.[110] The GLA has provided for a 'significant' capital budget for the renovation of the centre. The GLA asserts that the total capital budget needs to remain confidential until the construction contract has been let to ensure value for money for the GLA through the procurement process. The profile of capital spend therefore cannot be finalised until a construction programme has been completed. The GLA has recently appointed a new Project Director and design consultants for the renovation project and it is anticipated that a construction programme will be available during the early months of 2023.[111]

The Sports Centre is 60 years old and is a listed building. The GLA has maintained the building since it was transferred from the London Development Agency on its abolition in 2012.

Recommendation 22: The Mayor should set out his costed plans for the renovation of the Crystal Palace National Sports Centre and include the cost in his final 2023-24 Budget.

London Assembly

This Committee is part of the wider London Assembly, which exists to scrutinise the Mayor. The budget for the Assembly is decided by the Mayor as part of his overall GLA: Mayoral budget, though it is a relatively small portion, constituting £8 million of £20 billion in the 2023-24 Consultation Budget.

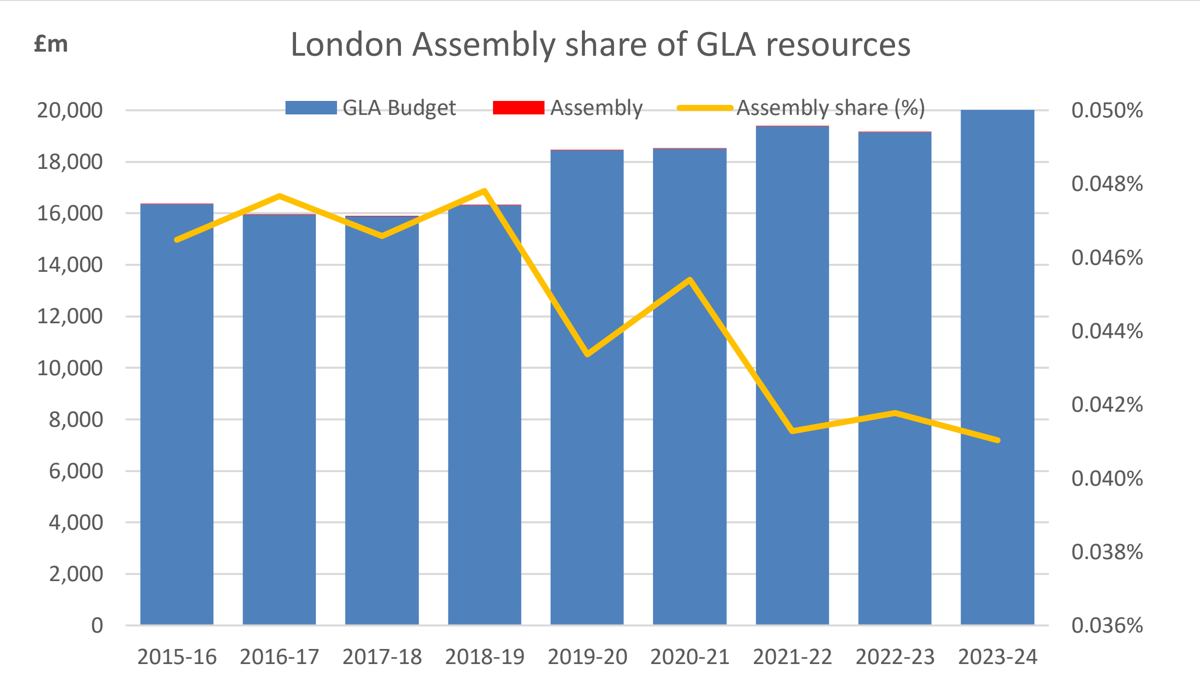
In its 2023-24 Budget submission, the London Assembly included a bid for £154,000 p.a. of additional resource to introduce improvements in its scrutiny. The Consultation Budget states that 'a number of growth proposals for the

[110] Para 2.3 Appendix 1 - GLA budget 23-24 Final.pdf, 14 November 2022
[111] Budget and Performance Committee, 5 January 2023

2023-24 budget will be reviewed at a later stage in the budget process, when there is more certainty over available resources.'[112]

The following chart highlights how the level of resources allocated to the London Assembly has failed to keep up with the growth of the GLA Group budget.

Figure 25: London Assembly resources as a proportion of the GLA Group



Recommendation 23: The London Assembly should be appropriately funded to effectively discharge its scrutiny function.

[112] Para 3.9 [Mayor's Consultation Budget 2023-24 (london.gov.uk)](london.gov.uk)

Chapter six – London Legacy Development Corporation

Key findings:

- **The London Stadium continues to require taxpayer subsidy, with a £31 million loss for the operator E20 Stadium LLP recorded for 2021-22.[113]**
- **The LLDC has identified naming rights for the London Stadium as a pivotal part of its strategy to improve net revenue costs of operating the stadium however there is little evidence of any progress.**
- **There are currently no effective commercial strategies to fully eliminate the operating subsidy required for the LLDC.**
- **The Final Anticipated Cost of the East Bank development has risen by £40 million to £673 million, with further risks remaining.**
- **Of the 11,380 homes completed since 2012, only 29 per cent have been affordable. The proportion of affordable housing approvals under the current Mayor has also been below his London Plan target.**
- **The LLDC Board has agreed that 'Inclusive Economy' will be at the heart of the next phase of the LLDC.**
- **The 2023-24 submission contains high-level estimated costs of the transition of the LLDC in 2024-25, but these remain unchanged from 2022-23 despite the recent macroeconomic turmoil.**

Introduction

The London Legacy Development Corporation (LLDC) is the first ever mayoral development corporation, established in 2012 to manage the physical legacy of the 2012 Olympic Games.[114] Its stated aim is to 'use [the] opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic Park to change the lives of people in east London and drive growth and investment in London and the UK'.[115] The LLDC's flagship regeneration scheme, the East Bank, aims to deliver a 'centre of innovation and ambition.' Along with managing Olympic Park venues and developing the East Bank, the LLDC is also responsible for developing the Park as a community where people work and live. To this end, the LLDC plans to deliver 33,000 new homes in the wider area and five new neighbourhoods in the Park by 2036.[116]

Under current funding arrangements, the GLA puts upfront investment into the LLDC. The LLDC expects that by the mid–2030s the organisation will be generating an annual return of around £225 million in business rates and council

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[113] LLDC Annual Report and Accounts 2021-22, (unaudited) p.77
[114] Secretary of State for Communities and Local Government, The London Legacy Development Corporation (Establishment) Order 2012
[115] LLDC Vision
[116] The new neighbourhoods are Chobham Manor, East Wick & Sweetwater, Stratford Waterfront, Pudding Mill and Rick Roberts Way

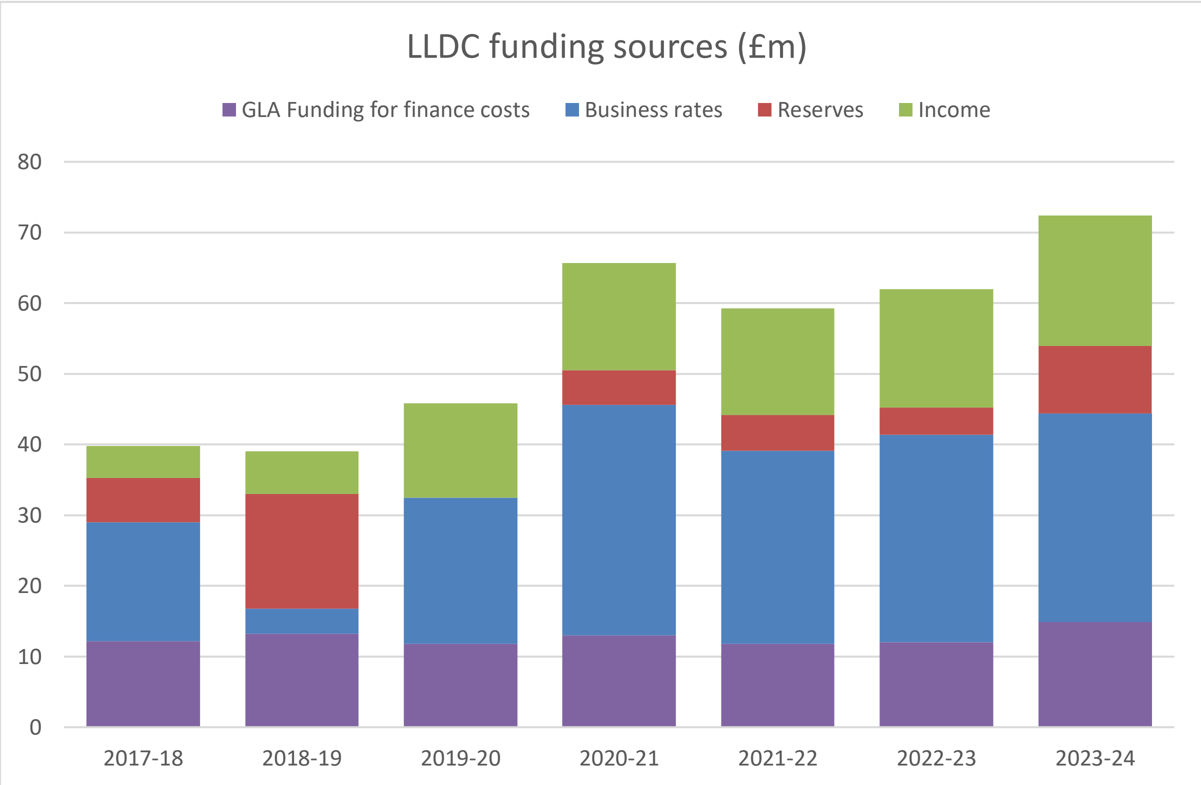
tax, as a result of the regenerative impacts that the Corporation is making in the Park.[117] At the Budget and Performance Committee meeting on 8 December 2021, the LLDC stated that despite the impact of the COVID-19 pandemic on its developments, it was still valid to assume that it would generate about £225 million in business rates and council taxes by the end of the 2030s.[118]

2023-24 budget submission

LLDC funding sources

The total revenue funding for the overall GLA Group as set out in the Mayor's 2023-24 Budget Guidance is £3.7 billion. The LLDC's share of this is £30 million.[119]

Figure 26: LLDC funding sources (£)[120]

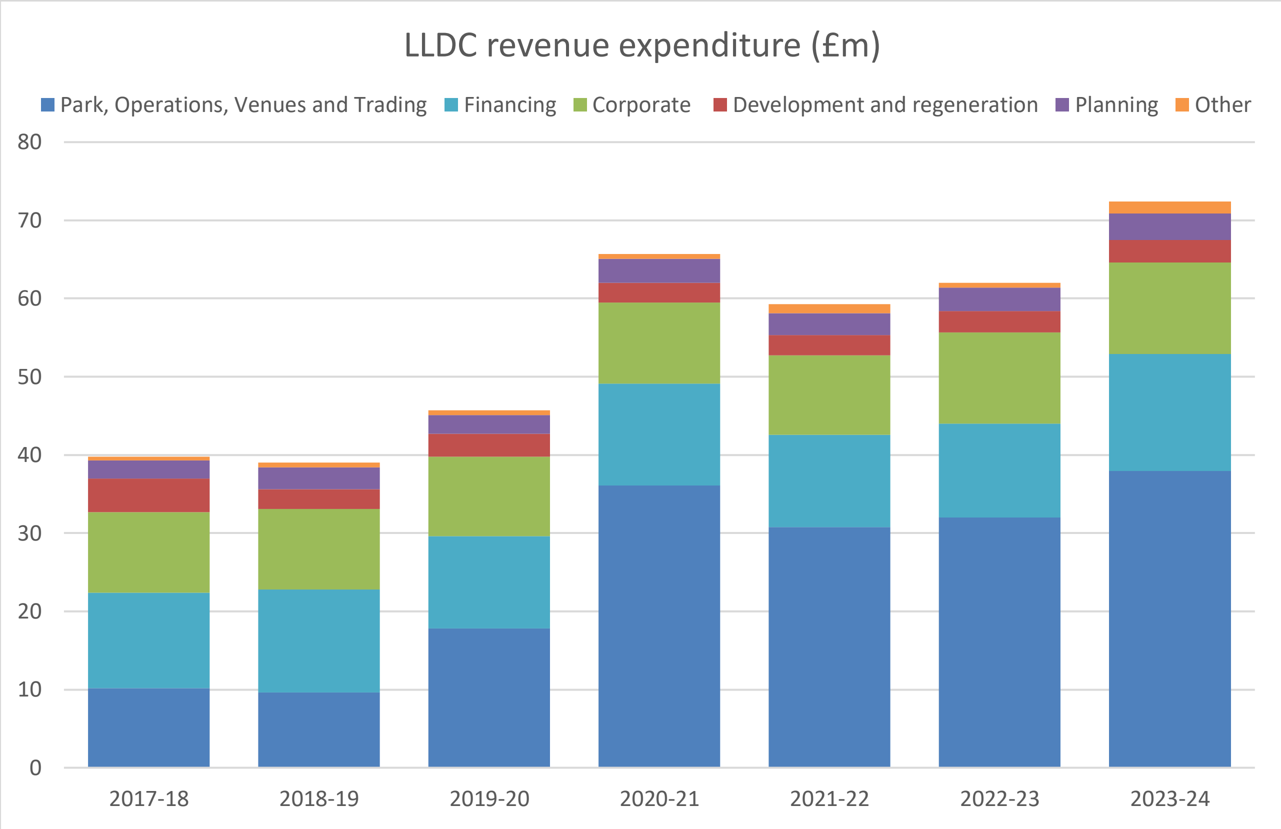


The LLDC funding chart above highlights the increase in income and business rates that are required to fund the subsidy for the operations of the LLDC, as well as the increasing reliance on reserves.

The GLA funding provided for the LLDC budget is primarily used to fund the costs of maintaining the Queen Elizabeth Olympic Park, and the venues in the Park, particularly the London Stadium. This has a budgeted cost of £18 million for 2023-24 – a £5.4 million increase from 2022-23.[121]

[117] Budget and Performance Committee meeting 8 December 2021 minutes, p.2
[118] Budget and Performance Committee meeting 8 December 2021 minutes, p.2.
[119] Mayor of London, The Mayor's Budget Guidance for 2023-24, 29 July 2022
[120] Mayor of London, The Mayor's budget | London City Hall
[121] LLDC 2023-2024 budget submission

Figure 27: LLDC revenue expenditure[122]



The LLDC financing costs relate to the loan with the GLA. This finance cost is directly funded by the GLA.

2023-24 revenue budget overview

The LLDC's 2023-24 budget submission proposes a gross revenue expenditure of £72.4 million, including estimated capital financing costs of £14.9 million. The gross expenditure has increased by £6.2 million from 2022-23 and is £1.1 million higher than the forecast outturn for 2022-23. The LLDC's budget submission states that this is due to a combination of significant inflationary pressures, loss of income from planned disposals of capital assets, and risk provisions (such as Stadium Naming Rights).[123]

The LLDC's net revenue budget for 2022-23 of £54 million will be fully funded through the Mayor's annual revenue budget.[124]

At the 7 December 2022 Budget and Performance Committee meeting, the LLDC's Director of Finance, Richard Irish stated that the LLDC "is still seeing the effects of the pandemic on our Park trading and visitor numbers. It is also impacting upon our sponsorship and commercial income and of course on our development forecasts where we are seeing continued higher construction inflation and a poorer outlook on property pricing."[125]

[122] Mayor of London, The Mayor's budget | London City Hall
[123] LLDC 2023-2024 budget submission.
[124] LLDC 2023-2024 budget submission
[125] Ibid.

Revenue income

The LLDC forecasts it will generate around £18.4 million of revenue income in 2023-24, 72 per cent of which is to come from 'Park Operations' and 'Trading'.

Park operations income is largely income from the Fixed Estate Charge (FEC), a charge on all occupiers of the Park to contribute towards the cost of maintaining the Park and its facilities. The LLDC assumes that income from this charge will increase as developments are completed and more occupiers move onto the Park in the later years. Following the transition, the LLDC envisages that its requirement for grant funding, excluding the London Stadium, should be eliminated, when developments are completed on the Park (in the early 2030s) and income from the FEC has increased accordingly.[126]

The FEC is therefore a significant future revenue stream for the LLDC and as the budget notes, fundamental to the long-term financial sustainability of the Park. However, the budget submission states that although work has progressed over the last year to review the LLDC's financial projections (into the mid-2030s) and, whilst the forecast required grant has reduced significantly,[127] there is still 'a gap to bridge.' Work is therefore 'ongoing to review how this objective can be achieved through further increasing commercial income.' The budget submission states that delays in development are a significant risk to FEC revenue projections, as this will lead to an increase in the revenue funding gap.[128]

Over the budget period (2023-26), the FEC is expected to increase since last year's budget submission by £1.4 million.[129] At the 8 December 2021 Budget and Performance Committee meeting, the LLDC's Executive Director of Financial, Commercial and Corporate Services, Gerry Murphy, stated that around the mid-2030s the FEC would rise in real terms to around £11 or £12 million per annum.[130]

Residents have been reported as being critical of the charge[131] and it is recognised in the LLDC in the quarterly performance report as a key risk. The report highlights the issue relating to reputational impact of residents' criticism of FEC and potential for changes to the FEC impacting on the Corporation's long term financial sustainability as a high risk.[132] The FEC is currently being reviewed by the Deputy Mayor Jules Pipe. An answer to a Mayor's Question on 17 November 2022 stated that this review would be 'published shortly.'[133] At the 7 December 2022 Budget and Performance Committee meeting, the LLDC's Chief Executive Lyn Garner stated that the review would be published 'fairly imminently'.[134] The LLDC does not separately disclose the level of FEC collected either in its budget or its quarterly performance report.

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[126] LLDC 2023-2024 budget submission.
[127] The submission states that this is due to anticipated growth in the Fixed Estate Charge, a smaller organisation, savings assumed from the Park and Venue operator contract re-procurement and some growth in commercial income),
[128] LLDC 2023-2024 budget submission
[129] Para 5.41 *LLDC 2023-24 budget submission*
[130] Budget and Performance Committee meeting 8 December 2021 minutes, p.2
[131] Inews Homeowners living by London's Olympic Park want 'unfair ' charge for its upkeep dropped, 29 April 2021
[132] P32 lldcquarterlyreportq2julsep-22-final.ashx (queenelizabetholympicpark.co.uk)
[133] LLDC Transition (3) | London City Hall
[134] Budget and Performance Committee meeting 7 December 2022

Recommendation 24: LLDC to publish the report of the Deputy Mayor for Planning, Regeneration and Skills into the Fixed Estate Charge.

Funding Gap

The LLDC's 2023-24 submission shows that the funding carried forward by the LLDC from previous years is forecast to be fully utilised in 2022-23 and a total of £11.6 million of additional funding is required from the GLA across the four-year period. This, the submission states, is due to:

- inflationary pressures (circa £12.5 million across the period), particularly on energy costs at LLDC's major venues including the London Stadium;
- the reduction in/loss of income resulting from the planned disposal of income generating capital assets and the sub-let of 3 Mills Studios; and
- the risk provision for no Stadium Naming Rights income in 2023-24.[135]

Around £9.6 million of the £11.6 million additional grant requirement falls into the next financial year (2023-24), with almost 70 per cent relating to inflationary pressures. The LLDC forecasts that energy costs for the London Stadium alone are set to increase by £4.6 million, net of consumption reduction targets next year.[136]

London Stadium

E20 Stadium LLP (E20) is the body set up to manage and transform the London Stadium. The role of E20 is to ensure the London Stadium is integrated with the surrounding communities, contributes to local regeneration and social improvement aims, creates strong links with local sport clubs and educational bodies and delivers a financial return. The stadium is home to UK Athletics, as well as West Ham United Football Club, which has signed a 99-year lease on the venue. On 9 August 2022, the LLDC reached an out-of-court settlement with Allen and Overy. The LLDC sued the legal firm over two years ago for £12 million over allegations of negligence for the work the firm did on the LLDC's behalf on the concession agreement which gave West Ham a 99-year lease. The terms of the settlement have not been made public.[137]

The Committee has previously expressed concerns around the costs of the London Stadium,[138] which continues to require significant taxpayer subsidy for the LLDC. It lost £31 million in 2021-22,[139] £28 million in 2018-19,[140] £29 million in 2019-20[141] and £25 million in 2020-21.[142] At the 7 December 2022 Budget and Performance Committee meeting, Lyn Garner stated that notwithstanding inflationary pressures the LLDC was 'very close to the original plan' in terms of reducing operational costs for the Stadium.[143] Earlier this year, it was reported that West Ham United had

[135] LLDC 2023-2024 budget submission
[136] Budget and Performance Committee meeting 7 December 2022
[137] BBC News, London Stadium: LLDC and law firm settle over West Ham deal, 9 August 2022
[138] London Assembly Budget and Performance Committee report, LLDC's finances during the COVID-19 crisis, January 2021
[139] LLDC Annual Report and Accounts 2021-22, (unaudited) p.77
[140] LLDC 2018-19 Annual Report , page 36
[141] LLDC 2019-20 Annual Report; page 75; The 2019-20 figure comes from LLDC Group Accounts and includes London Stadium 185 Limited, which became a wholly owned subsidiary of LLDC from January 2019.
[142] LLDC Annual Report and Accounts 2020-21, p.83
[143] Budget and Performance Committee meeting 7 December 2022

contributed an extra payment of just £185,000 for using the Stadium last season to play in the Europa League, which earned West Ham United more than £12 million.[144]

Correspondence seen by this Committee between West Ham United and LLDC claims that a suggestion made at the London Assembly Plenary meeting in October 2022 that the stadium naming rights could be sold to West Ham United for £4 million p.a. was made without the knowledge of West Ham United and based on the potential income of £2 million p.a. mentioned in the 7 December 2022 Budget and Performance Committee does suggest that the £4 million is an inflated price.

Recommendation 25: LLDC should explore the alternative operating models for the London Stadium.

Stadium Naming Rights and commercial income

The LLDC has identified naming rights for the London Stadium as a pivotal part of its strategy to improve net revenue costs of operating the stadium, with naming rights income forecast to generate at least £2 million per annum.[145] The LLDC's 2023-24 budget submission includes a £2 million provision for Stadium naming rights. The LLDC has also suggested that naming rights could be an important income generator across the wider Olympic Park site[146] with Lyn Garner informing the Budget and Performance Committee at its 7 December 2022 meeting that the LLDC's target for general commercial activity in the Park is a further £2 million.[147]

However, there is little evidence of progress on naming rights. In 2018, the BBC reported that it had cost the LLDC more than £450,000 to find a potential sponsor.[148] In a letter to the Committee on 18 January 2022, the LLDC stated that it had recently spent £75,000 on legal fees in relation to a specific bid in 2020-21.[149]

At the 6 October 2022 London Assembly plenary session, Lyn Garner stated that the estimated value of Stadium naming rights was £4 million per annum. She went on to state: "Will I give the naming rights to West Ham? Yes, I would give them to West Ham if the right financial deal was put on the table. You talked about £4 million. If West Ham wanted to pay me £4 million a year for the right to sell the naming rights, then we can have a conversation."[150]

At the 7 December 2022 Budget and Performance Committee meeting, Lyn Garner was asked for an update on any conversations that had taken place between the LLDC and West Ham on combining ownership over the club with a long lease for the Stadium. In her response, Lyn Garner stated, 'we have not had any approaches from the football club itself.'[151]

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[144] BBC News, The continuing drain of West Ham's bargain of the century, 4 August 2022
[145] LLDC 2023-2024 budget submission.
[146] Budget and Performance Committee meeting 14 October 2020, minutes, p.11
[147] Budget and Performance Committee meeting 7 December 2022
[148] BBC News, London Stadium: Search for sponsor of West Ham's home costs nearly £450,000, 17 July 2018
[149] Letter to the Budget and Performance Committee, LLDC, 18 anuary 2021
[150] London Assembly Plenary meeting, 6 October 2022
[151] Budget and Performance Committee meeting 7 December 2022

However, in a letter seen by this Committee, on 24 December 2021 Baroness Brady the Vice Chair of West Ham United, wrote to Lyn Garner saying that West Ham United (WHU) is open to a fresh approach to the ownership/operation/control of the London Stadium and is keen to secure a Naming Rights deal for the Stadium.

On 10 May 2022 Baroness Brady again wrote to Lyn Garner noting that no response had been received to the letter of 24 December 2021.

A further letter was sent to Lyn Garner by Baroness Brady on 13 December 2022 following the appearance of Lyn Garner at the 7 December 2022 Budget and Performance Committee. This letter set out that there was still no response to the letter of 8 December 2021. It also stated that West Ham United did not agree with the assertion made at the 7 December Committee meeting that it was not as attractive as other London Premier League sides. The letter also said that West Ham United will be going to market shortly for a new primary sponsor. The window to sell the naming rights will be impacted once we [WHU] engage a fresh front of shirt brand partner. The letter concludes that West Ham United have offered to meet with the LLDC for talks as to positive changes which can benefit all stakeholders and that a new approach to operating the Stadium can grow revenues and save costs.

On the 7 December 2022 the Budget and Performance Committee heard the following on the stadium naming rights:

What we would probably do, in terms of a process, is when we get closer to the potential for a partner we would certainly ask the Mayor to get involved at that stage. Of course, we might be talking to a number of parties over a period of time and we would want to crystallise with one particular partner the closer we got.
Lyn Garner
Chief Executive, LLDC

Recommendation 26: This Committee would like to see demonstrable progress towards securing a naming rights deal for the London Stadium that reflects good market value and would encourage the Mayor to get involved in discussions to ensure renewed energy and urgency around this objective.

East Bank

The East Bank is the LLDC's flagship regeneration scheme, aiming to deliver 'one of the world's largest and most ambitious culture and education districts' across three sites in the Park. It aims to provide skills and jobs for local people; attract visitors from around the world; bring more than 10,000 students to the site; deliver 2,500 jobs; and generate a £1.5 billion boost to London's economy.[152]

[152] What is East Bank?

The Budget and Performance Committee has previously expressed concern at the escalating costs of developing the East Bank, which have increased significantly since it was initially announced.[153] Around 50 per cent of the 2023-2024 capital budget (£96.4 million) is earmarked capital for construction of the East Bank.[154]

In a letter to the Committee on 18 January 2022, the LLDC confirmed that the East Bank's expected costs had increased from £471 million in the Full Business Case (FBC) to £628 million.[155] The Mayor's contribution had increased to £491 million. At the 8 December 2021 Budget and Performance meeting the Committee was told that the project is 'fairly stable' and that the LLDC was not anticipating the costs to increase any further.[156]

However, the 2023-24 budget submission states that costs have increased by a further £40 million. This, the submission states, is due to design-related issues and increased inflation. This means that additional GLA funding of £36 million (minus contributions from LLDC partners) is required to meet the cost of delivery. This will be funded by 'positive movements elsewhere in LLDC's Long Term Model,' therefore no additional borrowing or increase in borrowing limits will be required, according to the submission.[157] These 'positive movements' include an increase in capital receipts over the next four years, as well as a result of the outcome of the procurement for a joint venture partner for the Stratford Waterfront and Bridgewater developments (part of the Pudding Mill Lane development).[158]

The submission goes on to state that significant risks remain on the project, including material and labour supply volatility and further risks associated with the design process. Arcadis, who provide third-party commercial assurance to LLDC on the East Bank project estimate that the final cost could increase by an additional £10-15 million, with further programme risks of £4-5 million.

At the 7 December 2022 Budget and Performance Committee meeting, Lyn Garner stated that Arcadis' estimate was based on the 'very worst position' and that the likely final cost of the project would remain at £673 million – a 43 per cent increase from the £471 million outlined in the FBC.

GLA Borrowing Facility

As previously noted, under current funding arrangements the GLA puts upfront investment into the LLDC. The Budget and Performance Committee has questioned whether the LLDC will be able to repay the GLA this loan.[159] Below is a timeline of key changes to the LLDC's loan agreement with the GLA:

- **During the 2018-19 budget process**, the GLA capped LLDC's borrowing. The GLA estimated that peak borrowing would have reached £822 million by 2022-23 and the LLDC would never have been able to pay it all back. Borrowing was therefore capped at £520 million.[160] It was anticipated that the LLDC would reach £520 million in loans in 2022-23 and then slowly start paying it back after this point with capital receipts from developments. In 2020-21, the Mayor approved an allocation of £88.4 million towards LLDC's capital programme in response to pressures caused by the COVID-19 pandemic to ensure that it remained within the £520 million borrowing limit. The Mayor also agreed to provide loan

[153] London Assembly Budget and Performance Committee report, LLDC's finances during the COVID-19 crisis, January 2021
[154] LLDC 2023-2024 budget submission
[155] Letter to the Budget and Performance Committee, LLDC, 18 January 2021
[156] Budget and Performance Committee meeting 8 December 2021 minutes, p.12
[157] LLDC 2023-2024 budget submission
[158] LLDC 2023-2024 budget submission
[159] Budget and Performance Committee meeting 8 December 2021 minutes
[160] Budget and Performance Committee – 3 January 2018

funding to the LLDC such that it could invest directly into a joint venture to deliver the Stratford Waterfront and Bridgewater Triangle residential developments.

- **In 2021-22**, the LLDC's budget submission identified that an additional capital grant or an increase in borrowings was required from the GLA in the years 2023-24 to 2025-26 to keep the LLDC within borrowing limits. Following discussions with the GLA, the borrowing limit was increased by the GLA to £550 million from 2023-24.
- **According to the 2022-23 budget submission**, the LLDC was forecast to exceed this limit in 2025-26 by circa £10 million due to 'adverse movements in the expected quantum and timing of capital receipts and expenditure (arising from challenging market conditions, construction inflation and changes to affordable housing policy, market confidence and assumptions).'[161] This was to be reviewed with the GLA as part of the 2023-24 budget submission when the borrowing limit for 2025-26 was to be set formally.
- The budget, **approved by the Mayor in March 2022**, proposed an equity investment for the delivery of the Pudding Mill Lane development via a joint venture approach. This, the submission stated was within LLDC's existing borrowing parameters, and the procurement of a joint venture partner is expected to be launched in early 2023.[162]
- **The LLDC's 2023-2024 submission** shows that LLDC is forecast to be within its £550 million borrowing limits for the next four years.[163]

The Committee has previously expressed concern over when the LLDC will be able to repay the loan. At the 8 December 2020 Budget and Performance Committee meeting, the LLDC's Executive Director of Financial, Commercial and Corporate Services, Gerry Murphy stated that: "the current model still produces a surplus of over £100 million in respect of repayment of the borrowings, that has reduced on previous years. In previous years, that was running at around £200 million. We are more comfortable with it running at £200 million, but it is still in surplus."[164] At the 2021 Budget and Performance Committee meeting, she stated that the surplus had reduced 'slightly' from this position, but that the model was 'still positive and we do believe that we can manage out that 2025-26 borrowing peak.'[165]

At the 7 December 2022 Budget and Performance Committee meeting, the GLA's Assistant Director of Group Finance and Performance, Enver Enver stated that the LLDC was not expecting to fully repay the GLA loan 'until the late 2050s, possibly even 2060s' and that it was 'still recoverable.'[166]

In a letter to the Committee on 18 January 2022, the LLDC stated that it was anticipating capital receipts from 2025-26 onwards, including the repayment of loans from East Bank partners, to be circa £612 million.[167] It is unclear what period this covers. However, the 2023-24 Budget submission states that there are risks to this, including from the current macroeconomic issues being faced, and limited headroom in the outer years to absorb these risks. The submission states that the LLDC's borrowing position will therefore be monitored through 2023-24 and reviewed again with the GLA as part of next year's budget submission.[168]

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161 LLDC 2022-2023 budget submission
162 LLDC 2023-2024 budget submission
163 LLDC 2023-2024 budget submission.
164 Budget and Performance Committee meeting, 8 December 2020 minutes, p.6
165 Budget and Performance Committee meeting 8 December 2021 minutes, p.4
166 Budget and Performance Committee meeting 7 December 2022
167 Letter to the Budget and Performance Committee, LLDC, 18 January 2021
168 LLDC 2023-2024 budget submission

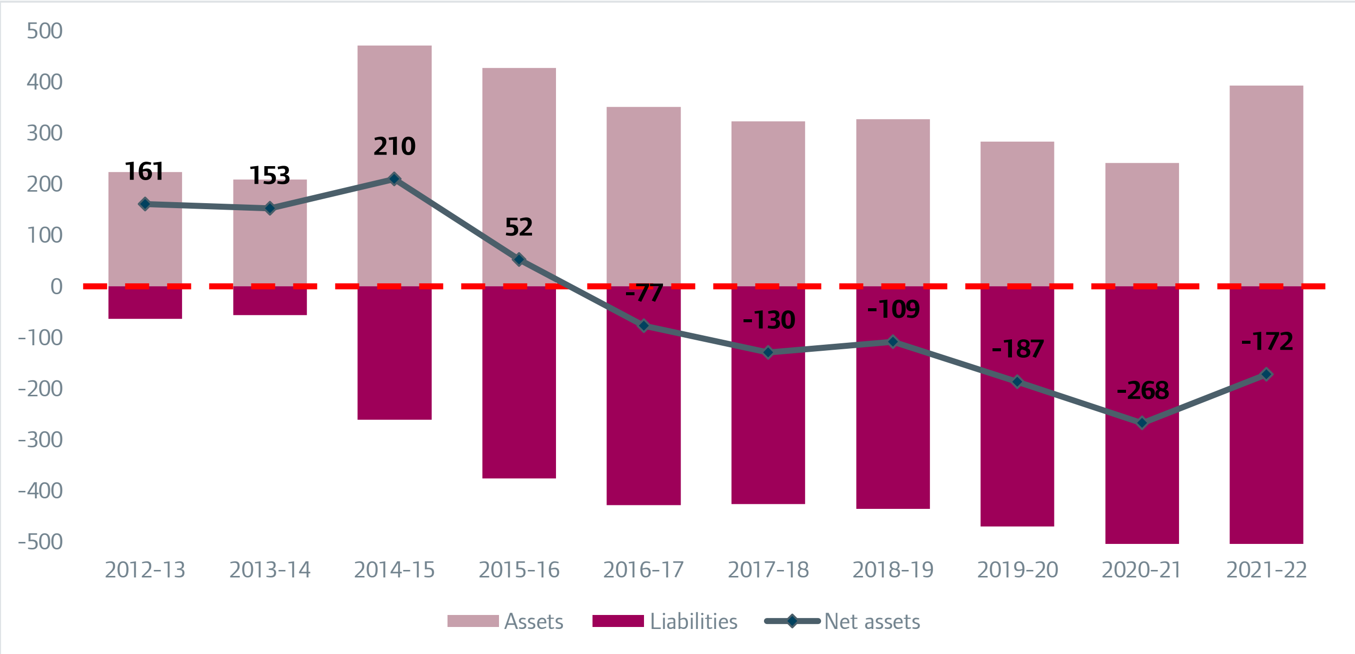
This Committee remains concerned over the recoverability of the £550 million loan.

Recommendation 27: The LLDC should submit its capital receipts modelling and loan repayment plans to the Budget and Performance Committee.

LLDC's Balance Sheet

The LLDC's overall net liabilities have increased significantly over the last 10 years. While at the first year of its establishment LLDC assets were greater than its liabilities by £161 million, this overall value has been eroded. Between 2014-15 and 2019-20 the value of the LLDC fell by £381 million. Over this period the value of the organisation changed from a positive £210 million position to a negative £172 million position.[169]

Figure 28: Increasing LLDC net liabilities over time (£m)[170]



LLDC delivery

Housing and neighbourhoods

By 2036, the LLDC plans to support the delivery of 33,000 new homes in the wider MDC area. Of these, 5,774 homes will be delivered on LLDC-owned land across five new neighbourhoods in the smaller area of the Queen Elizabeth Olympic Park.[171]

[169] 202122-lldc-annual-report-and-accounts--web-version.ashx (queenelizabetholympicpark.co.uk)
[170] LLDC Annual Reports, 2012-13 to 2021-22
[171] The new neighbourhoods are Chobham Manor, East Wick & Sweetwater, Stratford Waterfront, Pudding Mill and Rick Roberts Way

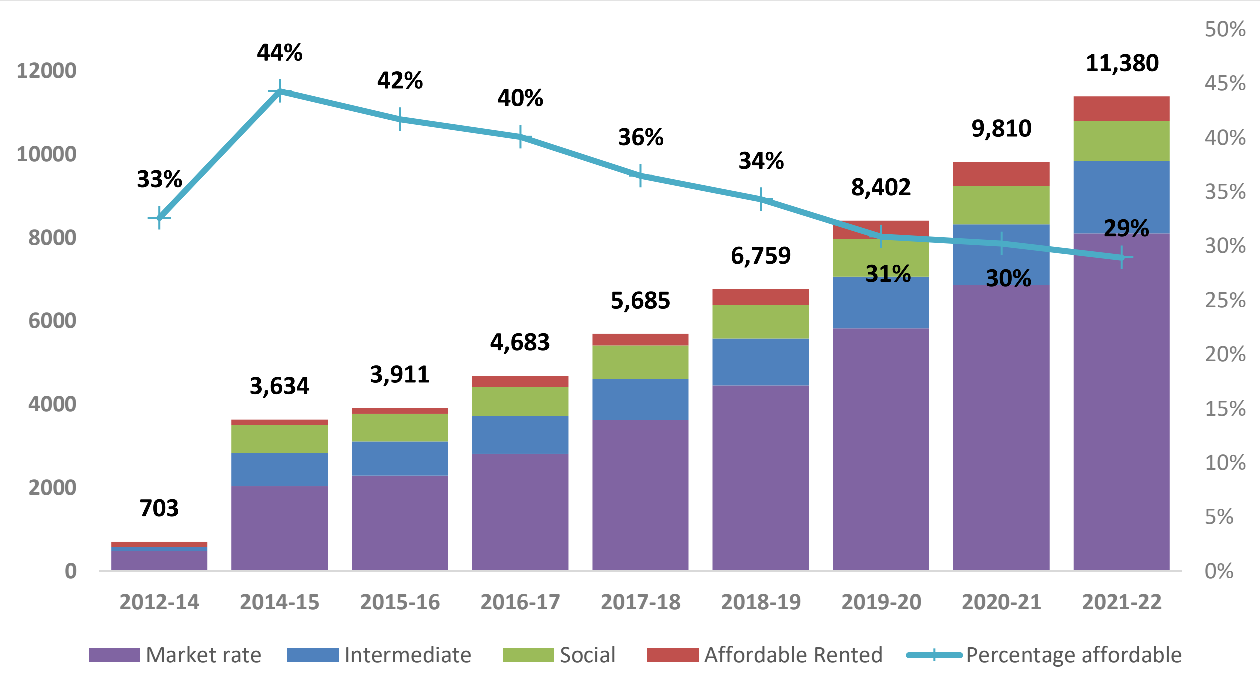
The Mayor has stated that these 5,774 homes on LLDC-owned land are due to be completed by 2032 – a minimum of 40 per cent will be affordable housing, approximately 64 per cent will be family-sized homes (two-bedrooms or more)[172] and around 33 per cent of these homes (1,556) will be three-bedrooms or more.

Under the previous Mayoralty, the site-wide target for affordable homes was 35 per cent.[173] The previous Mayor also stated that 70 per cent of this housing 'should be occupied, one way or the other, by people from east London'.[174] The current London Plan requires at least 50 per cent of all homes delivered on publicly-owned land to be affordable.[175]

Homes in wider MDC area

By 31 March 2022, 11,380 (34 per cent of the target) have been completed within the wider Legacy Corporation area.[176] Although in 2015-16, 42 per cent of new homes permitted for development were classified as affordable, of the 9,829 homes completed since then, only 20 per cent have been affordable (1,928 homes out of 9,829).

Figure 29: Share of affordable homes completed since 2012 (cumulative)[177]



The LLDC has stated that low levels of affordable housing are due to 'historic planning applications approved under the previous Mayoralty when affordable housing targets were lower.' [178] However the approvals under the current Mayor have not yet led to an increase the level of affordable housing, as the following table demonstrates.

[172] MQT, 2012 Olympic Games legacy goals, 1 March 2022
[173] London Assembly Plenary, 14 November 2012
[174] London Assembly Plenary, see Vision for the LLDC, 14 November 2012
[175] The London Plan 2021
[176] LLDC, Planning Authority Monitoring Report, 2021/22
[177] LLDC, Planning Authority Monitoring Report, July 2022
[178] Budget and Performance Committee transcript, 8 December 2021

Table 6: Affordable homes approved[179]

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Homes approved	1,676	3,201	1,268	969	1,158	1,557	**9,829**
Affordable	333	171	257	343	322	502	**1,928**
Percentage Affordable	**20%**	**5%**	**20%**	**35%**	**28%**	**32%**	**20%**

Recommendation 28: The Mayor to address the low level of affordable housing being delivered by the LLDC.

Transition of planning powers back to boroughs

The Mayor of London has agreed that the LLDC's town planning powers will return to the relevant boroughs by 31 December 2024.[180] According to the LLDC's QEOP strategy to 2025 document, agreeing on what its successor arrangements should look like in terms of remit, structure and governance will be a major focus of its work going forward. This will involve working closely with its partners, and in particular the neighbouring boroughs, over the coming period.[181]

A board paper from 21 November 2022 to the LLDC's board provided an update on the post 2025 structure. It states that from April 2025, the LLDC will be a smaller organisation and will remain an MDC without planning functions. It will continue to be responsible for the realisation of legacy commitments but will move from a model of 'direct delivery of socio-economic programmes to one of strategic leadership (together with local boroughs), with a more prominent delivery role for East Bank and other business, academic and cultural partners, and local communities'.[182]

According to the 2023-24 budget submission, the LLDC Board has agreed that the proposed reduced Mayoral development area should comprise land that is owned, operated or managed by LLDC. The broader surrounding area, where LLDC currently has statutory town planning powers, should no longer be within the boundary. Further, the Board has agreed that from 1 April 2025 LLDC will have a streamlined governance structure in line with the reduced geography and size of the organisation.[183] At the 7 December Budget and Performance Committee meeting, Lyn Garner confirmed these arrangements and added that by March 2025, the LLDC's development functions will reduce by around 40 per cent and there will be around 50 per cent reductions in staffing. The Committee was told that the LLDC was in conversation with staff about their career options, redeployment and internal recruitment.

At the 7 December 2022 Budget and Performance Committee meeting, the LLDC was asked to provide baseline costs for the transition process. Richard Irish stated that a provision of £5 million has been provided in the 2023-24 budget submission, the majority of which will cover staff-related costs of transition (until 2024-25).[184]

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[179] P58 amr-and-ifs-_final-july-2022-june-2022.ashx (queenelizabetholympicpark.co.uk)
[180] LLDC 2023-2024 budget submission.
[181] LLDC 2023-2024 budget submission
[182] LLDC, Future of LLDC: Update on progress, 21 November 2022
[183] LLDC 2023-2024 budget submission
[184] Budget and Performance Committee meeting 7 December 2022

In a paper to the 21 November LLDC board meeting it was stated that the LLDC Board has agreed that Inclusive Economy will be at the heart of the next phase of the LLDC. It states that this will be defined by:

- **Livelihood Security** – developing a shared understanding of the minimum standard of living for people living in east London. This will place greater value on economic fundamentals such as health and wellbeing.
- **Environmental Consciousness** – working within the limits of what is appropriate, creating new systems to support circular and regenerative economics
- **Park as a conduit** – innovating from the centre of the Park, creating new ideas which are scaled in areas which need it most.[185]

In the paper, the LLDC states that it will work with local boroughs to agree an Inclusive Economy Strategy with collective ambitions, levers for delivery, and reporting mechanisms. The paper goes on to state that the LLDC and local boroughs will use the next two years as a period of experimentation. During this period, the LLDC and local boroughs plan to identify a small number of 'Inclusive Economy' priorities to test during this proposed two-year 'Social Innovation' trial period.[186]

The LLDC is also working on a prosperity index longitudinal study to measure Inclusive Economy.[187] The longitudinal study began in November 2021, with the first phase of the research completed as of June 2022. The study will be completed by 2031, and it will examine and track self-reported prosperity over the decade. The research findings will feed into the planned Inclusive Economies dashboard statistics and measures.[188]

Recommendation 29: LLDC to develop and publish key performance indicators with targets for its Inclusive Economy programme.

The Queen Elizabeth Olympic Park strategy to 2025 was published by the LLDC in July 2021. The document states:

> 'LLDC is currently heavily reliant on funding from the GLA to support delivery of its objectives. While it is envisaged that some form of ongoing public subsidy will be necessary to support the operation and oversight of the Park into the future, the likelihood is that this will be much reduced from current levels. Between now and 2025 LLDC will seek to drive down costs and maximise the commercial value of the Park and its assets, in order to reduce post-Transition financial liabilities as much as possible while maintaining delivery of social value and community benefit.'[189]

The LLDC's 2023-24 budget submission shows that GLA revenue grant funding by the first year of transition (2025-26) decreases by 40 per cent to £10.9 million. Richard Irish told the Committee at its 7 December 2022 meeting that this was due to the reduction in the size and activities of the organisation. He went on to state:

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[185] LLDC, Future of LLDC: Update on progress, 21 November 2022
[186] LLDC, Future of LLDC: Update on progress, 21 November 2022.
[187] LLDC, Prosperity index longitudinal study, 21 November 2022
[188] LLDC, Prosperity index longitudinal study, 21 November 2022.
[189] Queen Elizabeth Olympic Park, Strategy to 2025

"There is also expectation for commercial income in there and an ambition - not reflected in the budget but an ambition internally - that we grow that even further. Commercial opportunities would be one way that we get that down. We have been working with GLA colleagues over the past year to look forward post-transition to start to look at what kinds of assumptions could get us down to a minimal level of subsidy. The objective that GLA has set up is that, excluding the stadium, we would become financially self-sustaining in the long term. Once the developments are finished - if we think about mid-2030s onwards - from then on we would look to try to become financially self-sustaining. We are not quite there yet, based on some quite high-level assumptions but the work continues on that. Therefore, in a sense it is a positive thing that we are looking forward. Trying to look out to the mid-2030s at the moment is tricky but we are doing all we can to get that down to as low as possible."[190]

Richard Irish
Director of Finance

Recommendation 30: The LLDC should develop and publish a financial sustainability plan.

[190] Budget and Performance Committee meeting 7 December 2022

Chapter seven – Old Oak and Park Royal Development Corp

Key findings:

- **Revenue expenditure in 2024-25 and 2025-26 is broadly in line with previous years. This shows little evidence of ramping up delivery following the adoption of its Local Plan in June 2022.**
- **The OPDC's 2023-24 budget submission includes a Capital Strategy for the first time since 2019-20, this is funded by a £50 million loan facility approved by the Mayor.**
- **The OPDC has secured 'agreement in principle' from the Department for Transport (DfT) and the Department for Levelling Up, Housing and Communities (DLUHC) for its Strategic Outline Business Case (SOBC) but more work is required to determine the level of public funding that will be needed to deliver its new 'Western Lands' project.**
- **Agreement with the DfT and DLUHC is welcome. The OPDC should now secure landholdings.**

In 2015, the OPDC was established to secure the regeneration of a large site in north-west London spanning the London Boroughs of Hammersmith and Fulham, Brent, and Ealing. Its aim is to capitalise on the HS2 and Crossrail investments in the area to create a 'whole new centre and community for west London'.[191] The Mayor has described it as 'London's single largest opportunity area for new housing'.[192] When complete, it is predicted that the entire redevelopment of Old Oak and Park Royal is due to deliver 25,500 new homes and 65,000 new jobs.[193] It is focused around the under construction HS2/Crossrail/GWR train station, which will be the largest station ever built in the UK.

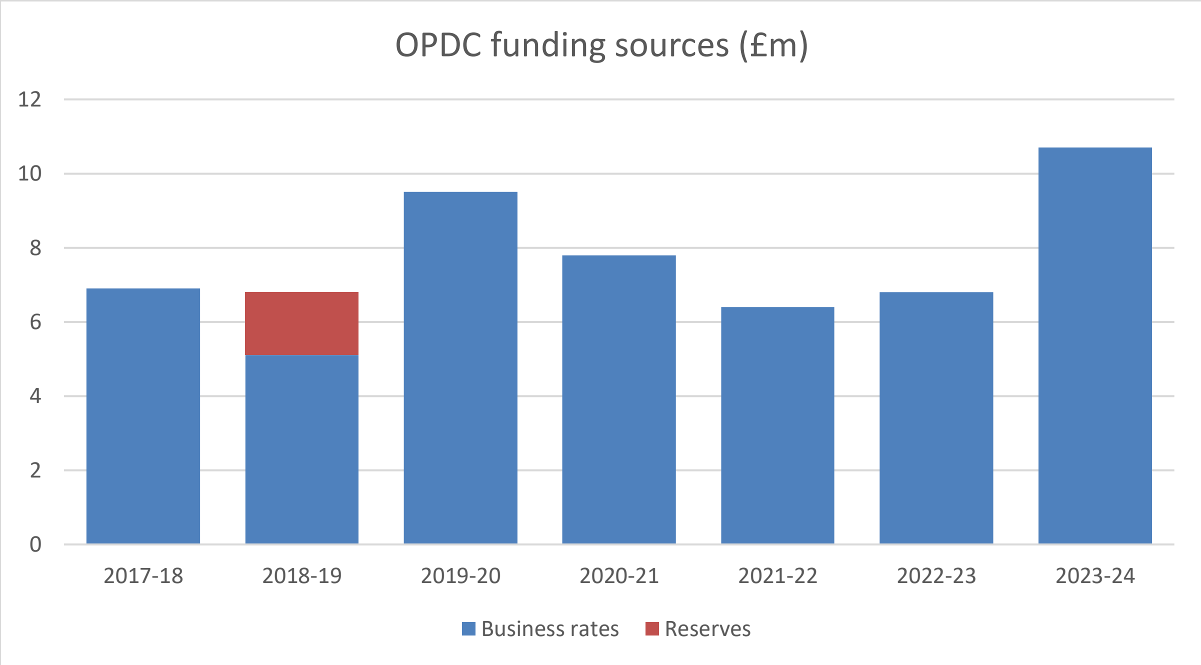
In February 2022, the OPDC submitted a Strategic Outline Business Case (SOBC) to the government and it was given in-principal approval from DfT and DLUHC in April 2022.[194] The OPDC's 2023-2024 budget submission was published on 25 November 2022.[195]

OPDC funding sources

The OPDC revenue expenditure is predominantly funded from business rates and it does have access to reserves that are held by the GLA..

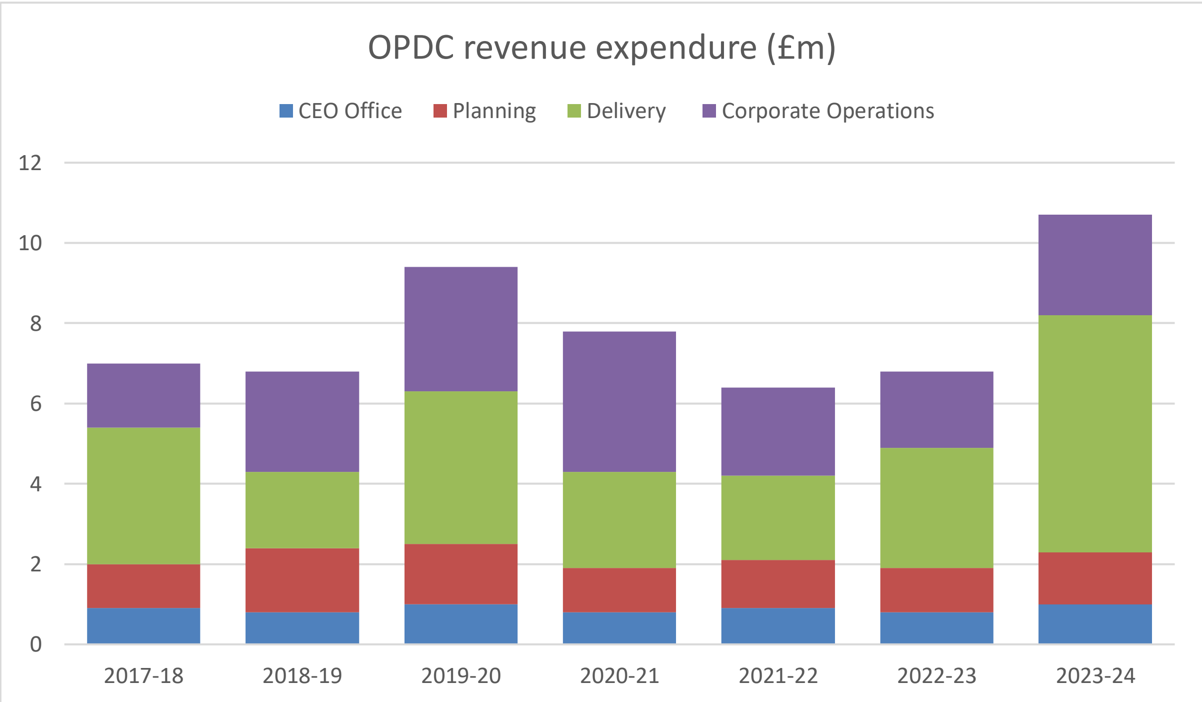
[191] Introduction to the Old Oak and Park Royal Development Corporation
[192] Mayor's Comprehensive Spending Review submission, p.27
[193] OPDC Vision and Mission
[194] OPDC, Strategic Outline Business Case
[195] OPDC 2023-24 budget submission

Figure 30: OPDC budgeted funding[196]



The funding for revenue expenditure for the OPDC budget has averaged around £7 million per annum since this Mayor's first budget for 2017-18 and is budgeted to rise to just under £11 million in 2023-24.

Figure 31: OPDC budgeted expenditure [197]



[196] Mayor of London, [The Mayor's budget | London City Hall]
[197] Mayor of London, [The Mayor's budget | London City Hall]

2023-2024 revenue budget

In expenditure terms, the OPDC is by far the smallest of the GLA Group. The Mayor's proposed net revenue expenditure for the OPDC in 2023-24 is £10.7 million. This is £3 million higher than the net forecast outturn for 2022-23. The OPDC's budget submission states that this is a reflection of the additional capacity required as the OPDC moves into its delivery phase, having recently adopted its new Local Plan and following the approval of its SOBC by government.

2023-24 capital budget

Under Mayoral Decision (MD) 2956 in March 2022, the Mayor approved the allocation of an interest free loan facility of £50 million to OPDC from the Land Fund. This is to enable the delivery of 1,100 completed homes within OPDC's development area by March 2029 through the funding of land acquisitions, infrastructure and enabling works and associated due diligence costs. The decision represents a first capital investment to OPDC.[198] At its 7 December 2022 meeting, the Committee expressed concern that it has taken the OPDC almost eight years to receive its first capital investment. The Chief Executive of the OPDC, David Lunts, told the Committee that to date, the OPDC had cost taxpayers £44 million, or £5.5 million a year.[199]

Unlike previous years, this year the OPDC's budget submission includes a Capital Strategy. This, the submission states, 'reflects a programme of land acquisition, infrastructure and enabling works to support the delivery of 1,100 homes by 2029.' This will be funded by a £50 million interest free loan from DLUHC's Land Fund, and represents the 'first major investment in the OPDC area to both support delivery of the GLA's housing target and unlock the wider delivery of the Old Oak West Strategy.'[200] The OPDC's Chief Executive, David Lunts told the Committee at its 7 December meeting that the OPDC was in the process of discussing early site land acquisitions with various landowners to deliver 'early results' with regard to the 1,100 homes target. He went on to state that the OPDC's Board had agreed with the GLA on a business plan for the use of the land fund and that this was subject to periodic review.[201]

The table below shows a breakdown of the planned use of OPDC's £50 million loan:

Table 7: Profile of the use of the £50 million loan

(£m)	2023-24	2024-25	2027-28 to 2031-32
GLA Land Fund	6.3	35.1	8.6

Currently, the OPDC faces several site constraints, as around 80 per cent of landholdings within the OPDC area are in the direct ownership of government via DfT and is controlled by its arms-length bodies Network Rail and HS2. MD2956 states that the £50 million loan will allow the OPDC to accelerate housing delivery across these sites and others, through land acquisitions, land assembly, enabling and infrastructure works.[202]

[198] MD2956 OPDC Land Fund loan facility
[199] Budget and Performance Committee meeting 7 December 2022
[200] Budget and Performance Committee meeting 7 December 2022.
[201] Budget and Performance Committee meeting 7 December 2022
[202] *Budget and Performance Committee meeting 7 December 2022*

Alongside seeking funding from the DLUHC Land Fund, the OPDC worked jointly with Homes England (HE) to develop a Strategic Outline Business Case to government. This was submitted in February 2022 and has now been approved by the DfT and DLUHC.[203]

At the 7 December Budget and Performance Committee meeting, David Lunts was asked what the OPDC's preferred option for land assembly was and what level of funding it was asking from the government. He stated that the OPDC is due to submit an Outline Business Case (OBC) in May/June 2023, which will look at the organisation of land assets at Old Oak and a funding ask from government.

Despite the change in direction, the OPDC's ambitious targets for new homes and jobs remain unaltered from its original plans. The Chief Executive of the OPDC told the Committee at its 7 December 2022 meeting that the focus for the OPDC during 2023-24 will be on how to commence delivery of the new vision.[204]

Community engagement

The Committee has been contacted by community groups who feel that the OPDC has been 'non-transparent' in its communication with local groups. In response to questioning by the Committee on this David Lunts, Chief Executive of the OPDC stated, "We have a very, very successful Community Review Group, which is drawn from local residents and workers, who have a very structured and a really important role in advising our Planning Committee before decisions are made. That is something we are very proud of. We had a huge engagement process in the drafting of the Local Plan. As I mentioned a few minutes ago, just after Christmas [2022] we are going to be launching a really extensive and intense programme of engagement with local residents and businesses to work up what will become the SPD for Old Oak West that I just spoke about. I would not deny that there are sometimes some who claim that we are not as engaged with community groups as we might be. I would be very happy to suggest otherwise."[205] The Committee has requested that the OPDC respond to these concerns and awaits a response.

Recommendation 31: The OPDC should respond to the three stakeholder submissions made to the Budget and Performance Committee about its communication with local groups by the end of January 2023.

[203] OPDC, Strategic Outline Business Case
[204] Budget and Performance Committee meeting 7 December 2022
[205] London Assembly, 'Budget and Performance Committee,' 7 December 2022.

Chapter eight – Climate budget

Key findings:

- **The Mayor has set a target of making London net zero carbon by 2030.**
- **The GLA climate budget outlines the funded actions that the GLA Group plans to take and the additional funding and measures that will be needed for the GLA Group to meet its net zero 2030 targets.**
- **There is variability in engagement with the process between the functional bodies. They need to learn from each other and share best practice.**
- **There is risk that in business-as-usual practices mean not tackling net zero targets which may leave the GLA being financially exposed**
- **There are examples of good practice using the Climate Budget process to identify financial risk and putting climate analysis into the business case model.**

Climate budget – progress towards net zero

The Mayor has set a target of making London net zero carbon by 2030. For the 2023-24 budget, the GLA has introduced the concept of Climate Budgeting across the GLA Group. This sets out how organisations, including TfL, the MPS and the LFB could achieve Net Zero Carbon by 2030 across their operations. In doing so, the climate budget visualises how the GLA Group is prioritising efforts to achieve its emissions target, and any challenges faced in doing so.

The climate budget

The GLA climate budget outlines the funded actions that the GLA Group plans to take and the additional funding and measures that will be needed for the GLA Group to meet its targets. According to the Mayor, by 2030, this will require switching MPS, LFB and TfL fleets to run on electricity, the electrification of heating in police and fire stations and TfL's buildings, and the installation of more electric vehicle charging infrastructure and solar panels across the GLA estate. [206]

GLA's Green Bond Programme

In the 2022-23 GLA Group budget, the Mayor announced £90 million of revenue funding to unlock more than £500 million in finance for projects which would deliver environmental benefits through a GLA Green Bond programme.[207] The 2023-24 GLA Budget includes £15 million of this funding over the next three years to support the development of a pipeline of investable projects. However this may have changed following the consideration of the climate budget submissions from around the GLA Group. The balance of the revenue funding will be allocated to specific

[206] P6,Mayor's Consultation Budget 2023-24 (london.gov.uk)
[207] Mayor announces £90 million towards new green bonds | LGOV (london.gov.uk),15 February 2022

projects as they are approved. To date, the Mayor has indicated that priority investments are likely to include social housing retrofitting, the development of district energy networks and electric vehicle-charging infrastructure.[208]

Since the Mayor announced his intention to issue Green Bonds, the Assembly has questioned GLA officers on the anticipated approach to the initiative. At a March 2022 Budget and Performance Committee meeting, GLA officers stated that the GLA would produce and publish a Green Bond prospectus by 'October or November' 2022, with aim of guiding and informing the individual Green Bond transactions.[209] The Mayor's Chief of Staff told the Committee that "over the last year there have been extraordinary developments. We are still absolutely committed to the green bond on the same basis as we set out just under a year ago, but we want to go to market for that bond when the conditions are right. At the moment, the professional advice that David [Gallie] and his team give us is that now is not the right moment to go to market."[210] To date, the GLA has not published the prospectus. the aim of guiding and informing the individual Green Bond transactions.[211] The Mayor's Chief of Staff told the Committee that "over the last year there have been extraordinary developments. We are still absolutely committed to the green bond on the same basis as we set out just under a year ago, but we want to go to market for that bond when the conditions are right. At the moment, the professional advice that David [Gallie] and his team give us is that now is not the right moment to go to market."[212] To date, the GLA has not published the prospectus.

Both the GLA Oversight Committee and the Environment Committee considered the Mayor's Green Bond Programme on 9 and 10 November 2022.The Assistant Director, Environment and Energy at the GLA, told the GLA Oversight Committee that there would be two 'waves' of awards: "what we have said is the first half of 2023 is the wave-one awards. As you have said we will go to the Steering Committee with an update on the project portfolio by the end of this year, but in terms of awarding and having gone through the due diligence, that would be the first six months of next year. As you said, we are looking to do this in two waves. The second wave would be by the end of the Mayoral term."[213]

The Mayor's 2023-24 Consultation Budget, published on 16 December 2022, showed that of the £90 million Green Bond Programme only £4 million will be used in 2023-24 with a further £6 million in 2024-25 and £5 million in 2025-26. The Budget did not include details of when the programme would start delivering.

At the Budget and Performance Committee on 8 December 2022, we heard that the LFB climate budget showed that as an organisation it really understood the way that the climate budgeting process can be helpful in terms of saving money and addressing risks that the LFB faces.

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208 Mayor's Question Time, Green Bonds Initiative, 24 March 2022
209 London Assembly Budget and Performance Committee, Transcript of Agenda Item 6 – The 2022-23 GLA Group Budget, 25 March 2022
210 London Assembly, 'Budget & Performance Committee,' 5 January 2023
211 London Assembly Budget and Performance Committee, Transcript of Agenda Item 6 – The 2022-23 GLA Group Budget, 25 March 2022
212 London Assembly, 'Budget & Performance Committee,' 5 January 2023
213 GLA Oversight Committee transcript, 9 November 2022

The reason we have come at this with an energy is because firefighters, more than any other emergency service, end up in a very high-risk situation when you begin to understand the end result of climate change. If I look at what I think were some of the most dangerous fire conditions I have seen personally in the summer, that was a fairly shocking set of occurrences. I know there is a big debate in terms of the timescales and impact of climate change but that was a very real example of firefighters experiencing that. We know that if we do not contribute we are, in the end, as part of that bigger existential issue, putting firefighters at risk. If you want to talk about big risks, it is that. It is the 5,000 calls we got in one afternoon to flooding in 2021. We know that this is one of our most significant risks in London. The growing evidence across a number of years shows that in terms of events.
Andy Roe
London Fire Commissioner

The Committee feels that there is an opportunity for the functional bodies to share best practice and insights around the GLA Group.
Both MOPAC and the LFB told us that operational performance will not be compromised by efforts to achieve net zero by 2030.

The second piece is what it would take in total to get to the Mayor's 2030 commitment, as you ask. As you will see in the papers, they identified that as probably a further £400 million. Clearly, it is not my intention that operational policing in London should be undermined by money being diverted to that £400 million and, likewise, the Mayor has been very clear with me that that is not his expectation.
Sir Mark Rowley QPM
Commissioner of Police of the Metropolis

There appeared to be a concerning lack of recognition from MOPAC that not addressing climate budgeting, especially around estate and vehicles, could result in significant financial risk in the current economic situation with a volatile energy market. While LFB sees tackling the climate crisis as integral to their work, it seems to the Committee that the Met Commissioner sees it as additional.

I would imagine they have looked at that one, though I cannot say for certain, but anything we can do without bending us operationally out of shape to get greener we will absolutely do.[214]
Sir Mark Rowley QPM
Commissioner of Police of the Metropolis

[214] (Public Pack)Minutes - Appendix 1 - Police Budget Minutes Supplement for Budget and Performance Committee, 08/12/2022 10:00 (london.gov.uk)

A significant risk emerged as the Committee was informed at its meeting on 7 December 2022 that the current LLDC Olympic Park heat network is based on fossil fuels. There is a potential £50 million cost of transitioning this away from fossil fuels to ground or air source heat pumps. The mechanism for doing this is yet to be decided. Additionally, there's the immediate risk to residents and businesses of the increase in gas prices. This could be a potential Green Bond project.

If we have a look at the Park and venues, as I understand it we are likely to be able to get to the 2030 target. Where we struggle is with the district heat network on the Park that requires significant interventions to bring it to a fully decarbonised position. … Also, we do not own the district heat network. We are the employer and we can influence Equans, which is the provider, but we cannot absolutely control what it does in that space. This is probably the most high-risk element to the 2030 target.
Lyn Garner
Chief Executive, LLDC

The risk to Londoners is not just that the LLDC may not be able to decarbonise their heat network, but also that the contract for use of fossil fuels may extend into a period when gas prices remain higher than renewable energy alternatives, and therefore residents and businesses face higher costs. There are also risks for other GLA functional bodies that high energy prices could persist, meaning delays in decarbonisation are a risk to their budgets in future.

A local area energy plan is required for OPDC to deal with the lack of energy supply in West London , which risks reducing the number of homes that can be built in future. There is an opportunity here to incorporate planning for a heat network for the new homes and businesses in the development area. There is specific potential here for a data centre heat recovery network, but diversification will also be needed so residents and businesses are not reliant on just the one system, which could be seen as a flaw with the LLDC's heat network. Potential options here include ground source, canal or air source heat pumps.

For TfL, a significant part of its plan depends on Power Purchase Agreements (PPA) to get new renewable energy projects going. The purchase of these PPAs is paused due to the current macroeconomic environment , and the Committee was not informed of any assessment of the impact of this on TfL's climate budgets or its energy costs. TfL is not on target to reach the Mayor of London's net zero carbon by 2030 as it does not expect to end its reliance on fossil fuels until 2050; it was also unable to provide a timeframe until 2050 for interim targets.

Only to confirm that we are hoping to relaunch this tender. We have done some market engagement to raise the probability that we get strong interest in this further award. Our overarching target, Caroline, is to procure 100% of our energy from renewable sources by 2050. That is the current plan.[215]
Rachel McLean
Chief Financial Officer, Transport for London

The monitoring of performance will also be a key aspect of Climate Budgeting.

[215] Budget and Performance Committee, 4 January 2023

I wanted to just make one point to build on what I said previously, but it relates to the reporting. One of the changes that we have made recently has been to revise the analytical section of all of the business cases which are developed in TfL so that the impact on the climate budget is something that will be introduced through that process, again part of making it business as usual rather than something that we do once a year or once a quarter. Then we can track, particularly on investment projects, PPA contracts and so on, what the progress is. More generally, the committee and Board reporting on the environment will cover all of the things that we have included in our climate budget.[216]

Rachel McLean
Chief Financial Officer, Transport for London

Recommendation 32: The Climate Change Budget process would benefit from increased sharing of best practice and an alignment of standards across the GLA Group, including ongoing regular reporting on progress.

The Green Bond finance is critical for delivery of climate budgeting but is at an early stage. And the adverse market conditions have delayed moving it forward. The infrastructure for the ULEZ expansion was due to be funded from a Green Bond, but given the delays, this will now initially be funded by GLA reserves.[217]

The key deliverables in relation to Green New Deal which will have the largest impact are going to be around the deployment of the Green Bond and any subsequent green finance that is brought to us on that basis. We do not have a target at the moment because we are working through the climate budgeting process to identify the measures that will deliver the greatest impact through that finance. Ensuring that we deploy that and we begin the process of putting those in place, both across the GLA group estate but also more broadly through our engagement with social housing providers in boroughs, will be absolutely critical.[218]

Phil Graham
Executive Director for Good Growth, Greater London Authority

However, Green Bonds are not the only possible source of funding for climate measures that a pipeline of projects could use. One potential source of future funding is the Public Sector Decarbonisation Fund. Within the draft budget, MOPAC and the MPS note they have already used £0.9 million on decarbonisation of three sites, have £1.8 million in progress at two more sites and have applied for £8.9 million for a further 15 sites.[219] No other GLA bodies

[216] Budget and Performance Committee, 4 January 2023
[217] Budget and Performance Committee, 5 January 2023
[218] Budget and Performance Committee Minutes, 22 November 2022
[219] P61, Mayor's Consultation Budget 2023-24 (london.gov.uk)

are recorded as having successfully applied for funding. The Government say the scheme will provide £1.425 billion over 2022-23 to 2024-25, they have already allocated or closed funding on £1.191 billion to date.[220]

Recommendation 33: The Mayor should review the unfunded functional body climate budget projects and explore options to increase the pace of rollout of the Green Bond Programme.

The success of the Green Bond Programme will also be dependent on the GLA's ability to develop a pipeline of deliverable projects.

The wider point I want to make, though, is one about the GLA's performance next year on the environment, which is that the measure you should hold us to is ultimately a qualitative, not a quantitative one, which is: is there a robust and resilient system in place that can lead us at pace towards Net Zero by 2030? What we as a strategic authority need to do is convene networks of boroughs, housing associations, funders and a whole range of other key players in all of this sector to get to a system where there is a pipeline of fundable projects being funded that are working at pace, through a combination of public and private money. While ultimately that is not a thing you can measure with key performance indicators, that is actually the most important thing we can do to hit Net Zero. That is what Phil Graham and I spend more of our time doing, rather than measuring individual tonnes of carbon saved by insulation programmes where we monitor the performance of them. Again, without meaning to repeat my annual meditation on the philosophy of performance targets, that is really the job in hand next year. [221]

Richard Watts
Mayor's Deputy Chief of Staff

Recommendation 34: The GLA to make demonstrable progress in addressing the findings from the climate budget work, by developing a pipeline of climate projects for future funding including via the Green Bond Programme and ensuring quarterly performance monitoring across the GLA group.

[220] Public Sector Decarbonisation Scheme, November 2022
[221] Budget and Performance Committee Minutes, 22 November 2022

Appendix 1

The Mayor's 2023-24 Consultation Budget

Total gross revenue and capital expenditure on a statutory basis	**Forecast Outturn 2022-23 £m**	**Budget 2023-24 £m**	**Change £m**	**Change %**
Revenue:				
GLA: Mayor services	862.2	861.2	-1.0	0%
GLA: Mayor group items	1,894.5	1,018.0	-876.5	-46%
GLA: Assembly	8.2	8.3	0.1	1%
MOPAC	4,428.1	4,468.2	40.2	1%
LFC	526.9	523.8	-3.1	-1%
TfL	8,652.5	8,836.5	183.9	2%
LLDC	71.3	72.4	1.1	2%
OPDC	8.4	11.2	2.8	33%
Total revenue	**16,452.1**	**15,799.6**	**-652.5**	**-4%**
Capital:				
GLA: Mayor	2,119.1	1,525.8	-593.4	-28%
MOPAC	321.8	360.8	39.0	12%
LFC	23.2	46.6	23.4	101%
TfL	1,850.2	2,293.2	443.0	24%
LLDC	275.4	195.2	-80.2	-29%
OPDC	0.0	6.3	6.3	n/a
Total capital	**4,589.8**	**4,427.9**	**-161.8**	**-4%**
Grand total revenue and capital	**21,041.9**	**20,227.5**	**-814.4**	**-4%**

Appendix 2

Our approach

The Budget and Performance Committee held a series of meetings between November 2022 and January 2023 to scrutinise the functional body budget proposals for 2023-24 and the Mayor's Consultation Budget for 2023-24:

22 November 2022 – GLA Core

- Mary Harpley, Chief Officer, GLA
- David Bellamy, Chief of Staff, GLA
- Richard Watts, Deputy Chief of Staff, GLA
- David Gallie, Executive Director of Resources, GLA
- Tim Steer, Executive Director of Housing and Land, GLA
- Phil Graham, Executive Director of Good Growth, GLA
- Tunde Olayinka, Executive Director of Communities and Skills, GLA
- Niran Mothada, Executive Director of Strategy and Communications, GLA.

7 December 2022 – London Legacy Development Corporation

- Lyn Garner, Chief Executive, LLDC
- Richard Irish, Director of Finance, LLDC
- Enver Enver, Assistant Director of Finance, GLA

7 December 2022 – Old Oak and Park Royal Development Corporation

- David Lunts, Chief Executive Officer, OPDC
- Jasbir Sandhu, Chief Finance Officer, OPDC
- Enver Enver, Assistant Director of Finance, GLA

8 December 2022 – Mayor's Office for Policing and Crime, Metropolitan Police Service

- Sophie Linden, Deputy Mayor, Policing and Crime
- Sir Mark Rowley, Commissioner, Metropolitan Police Service
- Lisa Kitto, Interim Chief Finance Officer, MOPAC
- Ian Percival, Finance Director, Metropolitan Police Service
- Enver Enver, Assistant Director Group Finance and Performance, GLA

8 December 2022 – London Fire and Emergency Planning Authority, London Fire Brigade

- Baroness Fiona Twycross, Deputy Mayor for Fire and Resilience
- Andy Roe, London Fire Commissioner
- Mostaque Ahmed, Director of Corporate Services; London Fire Brigade
- Enver Enver, Assistant Director of Group Finance and Performance, GLA

4 January 2023 – Transport for London

- Andy Lord, TfL Commissioner
- Rachel McLean, Chief Financial Officer, TfL

- Patrick Doig, Group Finance Director, TfL
- Seb Dance, Deputy Mayor for Transport
- Enver Enver, Assistant Director Group Finance and Performance, GLA

5 January 2023 – Mayor of London

- Sadiq Khan, Mayor of London
- David Bellamy, Mayor's Chief of Staff
- David Gallie, Executive Director of Resources, GLA
- Enver Enver, Assistant Director Group Finance and Performance, GLA

Other formats and languages

If you, or someone you know needs this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email assembly.translations@london.gov.uk

Chinese

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Email 与我们联系。

Hindi

यदि आपको इस दस्तावेज का सारांश अपनी भाषा में
चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये
गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang
tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện
thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান,
তাহলে দয়া করে ফো   করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা
ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Greek

***Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα
σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί
μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.***

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں
درکار ہو تو، براہ کرم نمبر پر فون کریں
یا مذکورہ بالا ڈاک کے پتے یا ای میل
پتے پر ہم سے رابطہ کریں۔

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini
okumak isterseniz, lütfen yukarıdaki telefon
numarasını arayın, veya posta ya da e-posta
adresi aracılığıyla bizimle temasa geçin.

Arabic

الحصول على ملخص لهذا المستند بلغتك،
فرجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي العادي أو عنوان البريد
الإلكتروني أعلاه.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ
ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ
ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં
જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો
અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઈલ સરનામા
પર અમારો સંપર્ક કરો.

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